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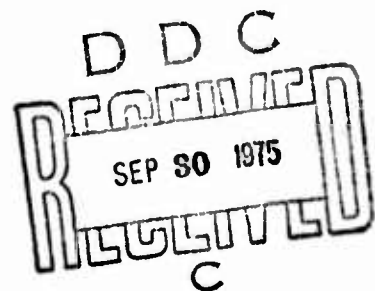
An Analysis of the Process of Management by Objectives Adapted to an Army Battalion

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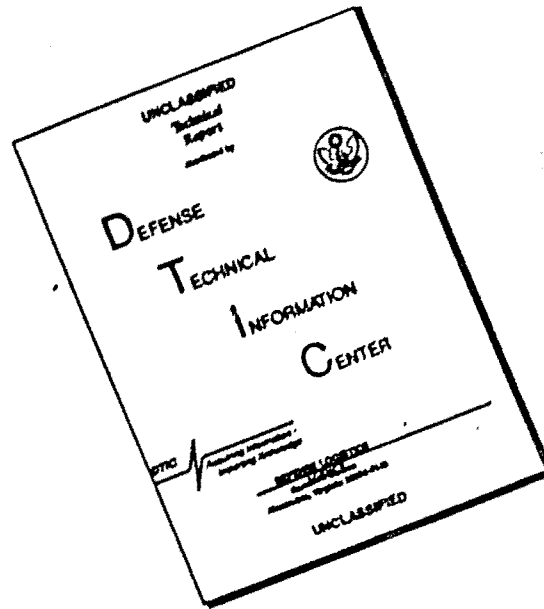
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This thesis provides an analysis of Management by Objectives and its probable application as a management technique in an Army active duty battalion in a peacetime environment. The study reviews the need for a more systematic, and yet people centered, approach to management of Army units in view of changes that have taken place in recent years. Research encompasses the basis for Management by Objectives and its successes and failures in business, education, government and other military environments. This effort has been designed to examine problems related to implementation that may assist in Management by Objectives application in the Army. Based upon this research and the author's personal experience, a proposed system for use in an Army battalion is presented.

The overall objective of this project is to provide future battalion commanders a guide to:

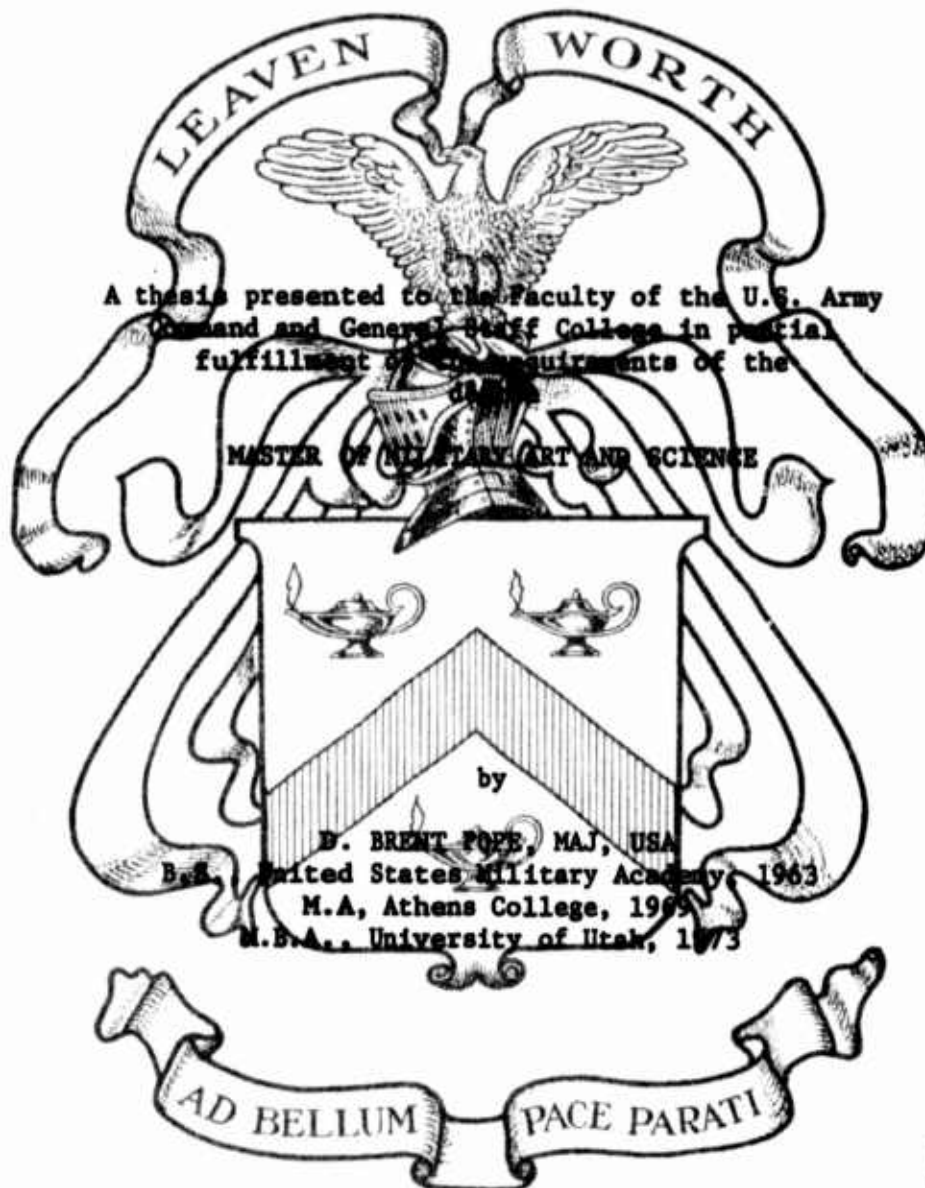
- Assist in their decision to implement or not implement Management by Objectives.
- Propose a system for application of Management by Objectives in an Army active duty battalion.

This study concludes that Management by Objectives is an effective method of combining the experience of proven techniques from business and industry with developments in the behavioral sciences in a management process that maximizes the attributes of both.

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MANAGEMENT BY OBJECTIVES  
ADAPTED TO AN ARMY BATTALION



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Title - "An Analysis of the Process of Management By Objectives  
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Summary - This thesis provides an analysis of Management By Objectives (MBO) and its probable application as a management technique in an Army active duty battalion in a peacetime environment. Research encompasses the basis for MBO and reported successes and failures of this approach in different types of organizations. Implementation problems are examined and key areas are emphasized to improve the probability of success. The overall objectives of this paper are to provide commanders a guide to:

- Assist in their decision to implement or not implement MBO.
- Provide a system for application of MBO in an Army active duty Battalion.

## ABSTRACT

This thesis provides an analysis of Management by Objectives and its probable application as a management technique in an Army active duty battalion in a peacetime environment. The study reviews the need for a more systematic, and yet people centered, approach to management of Army units in view of changes that have taken place in recent years. Research encompasses the basis for Management by Objectives and its successes and failures in business, education, government and other military environments. This effort has been designed to examine problems related to implementation that may assist in Management by Objectives application in the Army. Based upon this research and the author's personal experience, a proposed system for use in an Army battalion is presented. Implementation problems are examined and key areas are emphasized to improve the probability of success. The overall objective of this project is to provide future battalion commanders a guide to:

- Assist in their decision to implement or not implement Management by Objectives.
- Propose a system for application of Management by Objectives in an Army active duty battalion.

This study concludes that Management by Objectives is an effective method of combining the experience of proven techniques from business and industry with developments in the behavioral sciences in a management process that maximizes the attributes of both. A review of case studies where the process has been applied reveals significant improvement in goal direction,

planning and communication. From many successful applications in different types of organizations this approach has demonstrated universal relevance. It is significant to note that all cases examined claimed major improvements with this technique. The adaptation of Management by Objectives to an Army battalion requires an in-depth understanding of the key elements of the process and the basic factors of human motivation. With a thorough analysis of the battalion's functions and a careful, systematic approach, the technique can be tailored in a manner that provides the managerial environment for maximum focused improvement.



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## A Philosophy of Management

What the business enterprise needs is a principle of management that will give full scope to individual strength and responsibility, and at the same time give common direction of vision and effort, establish team work and harmonize the goals of the individual with the common weal.

The only principle that can do this is management by objectives and self-control. It makes the common weal the aim of every manager. It substitutes for control from the outside the stricter, more exacting and more effective control from the inside. It motivates the manager to action not because somebody tells him to do something or talks him into doing it, but because the objective needs of his task demand it. He acts not because somebody wants him to but because he himself decides that he has to - he acts, in other words, as a free man. 1

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1. Drucker, P. P. The Practice of Management, 1954, pp.135-136.

## CHAPTER 1

### INTRODUCTION

Army Regulation 5-1 entitled "Army Management Doctrine" provides basic guidance for management throughout this service. It is interesting to examine some of the stated policies within the framework of the current environment:

#### 5. Army Management Policies

....

##### d. Decentralization.

(1) Delegation of authority commensurate with the assignment of responsibility should be made down to the lowest practicable level within an organization. Lines of authority should be clearly defined so that responsible individuals can be identified and held accountable....

g. Objectives. Management objectives must be clearly stated, attainable, and make efficient use of available resources. Objectives should be communicated to all levels....

k. Job Satisfaction. For most persons work itself can be satisfying. Direct personal satisfaction and a sense of achievement can be obtained from doing a meaningful job well....

i. Recognition. Individuals, groups or organizations making exceptional contributions toward greater productivity...should be appropriately recognized by their leaders in a significant way. 2

'Decentralization', 'objectives', 'job satisfaction', 'recognition' - all of these elements are integral parts of successful Management by Objectives (MBO) programs that have been used by the leading organizations in business and industry for many years. The point here is that the Army has an excellent foundation for obtaining highest accomplishments through application of stated policy in day to day management of personnel. Most of the ingredients for a successful program are given as

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2. US Army Regulation 5-1, 6 August 1973, p. 2.

doctrine and closely parallel the better practices supported by many business management consultants. Yet what has been given in theory is difficult and complex in its application to the real life environment of the Army.

During the past ten years the Army has experienced major changes in ever increasing frequencies. Tensions throughout the world placed heavy requirements upon the military organizations. 'Management by crisis' developed as a way of life during the Vietnam era and to some extent continues today. In the sense that resources appeared to many as unlimited during the years in Southeast Asia, many of the middle managers may continue to plan under that assumption. Rapid personnel turnover on virtually all positions provided major disruptions in operations. This continuing fluctuation of people through various positions of responsibility did not allow for goal continuity or planning in a real sense. While the battalion and company command periods have been lengthened to eighteen months, much of this short term thinking prevails in the way daily business is conducted in this service. Perhaps there was an excuse then -- there is no excuse now. Yet many continue to look for quick solutions to complex problems and violate the stated basic principles of sound management. Examples are not hard to find.

An attempt at centralized control from Department of the Army level has restricted the output of line officers to the point that the cost is difficult to imagine. Army Regulations, Directives, Circulars and other 'guidelines' have become so numerous that the overall effect forces a commander to live

under constant threat of violating something anytime he takes action. Research engulfs hours of precious commander and staff time and develops staff experts on inaction. Take, for example, the unit fund at company level. Originally established to provide unit commanders a small amount of cash to improve morale and welfare of their personnel, the administrative requirements are far out of proportion to the benefits received. One of these regulations even went so far as to specify the type of tape to be used in fixing the label to the records binder. For a company of two hundred people, the commander receives approximately one hundred dollars a month and loses at least an equal amount in administrative costs. The problem is not so much expense, as it is lost time that could have been used towards some meaningful objectives. How can one measure the loss in unit readiness management? What could the commander accomplish once allowed to expend those two to four hours towards unit training objectives? The unit fund is only one minor administrative task - how many others occupy his time?

Approximately three years ago indications in Germany revealed that drug problems in the United States Army, Europe, were getting out of hand. One brigade commander attempted to solve the problem by having all the doors removed in his billets, stripping all rooms of everything save for bare essentials and placing guards in the hallways. The immediate effect undoubtedly reduced drug abuse in the billets, but what were the long term effects on the brigade and the Army? Word spread quickly and the issue became one of basic human rights - not drug abuse. The overall effect deepened a com-

communications gap between commanders and unit personnel and severely upset morale in and around the area. The brigade commander was determined to solve a very difficult problem in our society in the best way he knew - a return to the 'old Army.' The decision was centralized, quick, simple and in the end hurt a lot of good people. Finally, someone saw the mistake and allowed the company commanders the latitude of eliminating incorrigible drug abusers. The situation changed rapidly and the Army in Europe has been markedly improved.

In many instances, actions taken by a higher headquarters to evaluate or force a desired status at lower levels develops a 'whip lash' effect or over-reaction at battalion or company. Again, in Germany several higher headquarters established 'road-side-spot-check' (surprise) inspections to determine the status of unit vehicular maintenance. A commander quickly learned that a failure or two could adversely affect his unit standing on the maintenance readiness status chart at his higher headquarters. Since the probability of an inspection was relatively low relative to the number of vehicles assigned, a failure of one vehicle out of three inspected would put his quarterly 'road-side' status at below an acceptable level of seventy per cent. Failure brought increasingly severe letters and required extensive paperwork 'research' to justify an excuse. In one instance, the battalion commander restricted dispatch of vehicles off post to only those vehicles personally checked by himself or his executive officer (others used threats - to include non-judicial punishment). Under these

circumstances, a commander responsible for hundreds of people and millions of dollars of equipment performs the tasks of a motor pool mechanic. Unit commanders, platoon leaders, motor sergeants and mechanics see their responsibility and sense of personal worth degraded. In such a situation, inaction appears to be the best alternative and people commit themselves to activity unrelated to their work. This over-control from the top is the nemesis of many large organizations and appears to result from a lack of knowledge or trust of subordinate elements. Yet such actions continue in this and many other forms. What happens to a command over a prolonged period of time under such restraints? Is it necessary? Is there a better way to achieve the desired status?

These are only a few of many examples that continue throughout the Army. Some will require change in thinking at highest levels, and are presented here only to demonstrate the magnitude of the problem. All three situations can be related to a disregard of stated policies. The overwhelming proliferation of paper controls from Washington down robs critical management time and frustrates the highest initiatives in even the best leaders. The snap solution in the brigade example undermines initiative at the lower level of management and reduces (in some cases eliminates) channels of communication. The 'read-side-spot-check' is just one example of many 'whip lash' effects initiated by higher headquarters. These are only a few of many examples that demand preventive action. When one considers additions of intervening headquarters down to units, the re-

strictive effects are multiplied. The policy has been stated, but the breakdown is in its implementation. Management Objectives (MBO) has provided the means for other large organizations to untangle similar bureaucratic jungles and may provide the vehicle for change in the way resources are managed in the Army. Initiation of MBO or similar programs forces application of these basic principles in an advanced stage of management.

This is not to say that Army management is completely out of touch with modern techniques. Attempts are being made at the present time to implement MBO in many Army organizations. Some of the better management tools have had roots in the service (operations research, systems analysis, etc.) and have led the way in new industrial developments. Unfortunately, much of what has been developed recently either excludes people (the completely automated or mechanized systems) or only relates to their welfare (increases in pay, liberalized leave and pass policies, etc.). There appears to be a failure to concentrate on the vital link between Army personnel and their work. An examination of the total job environment must become a part of the new approach. The future demands this change in emphasis.

The October 1973 Middle East War revealed new insights in the conduct of war. Extremely high loss rates of equipment due to modern weapons and technical innovations in tracing radio signals (and their subsequent destruction) demands that the ability be developed for individual action at the lowest levels. The training requirements at the battalion and company level



have been intensified. The efficient use of time is a critical factor. Units must be prepared for immediate entry into combat and be able to provide support for an extensive rate of attrition on short notice. Inflationary cost increases and resources limitations require critical examination of the management structure to maximize the contribution of people at all levels and allow freedom for innovation. The volunteer Army is coming into its own and most of its people today can and want to be professionally oriented. The leadership consists of a wealth of highly motivated young officers, many of whom have had combat experience and are prepared to contribute extensively to innovations towards objective accomplishment - given the freedom to act. Can we provide that atmosphere? This thesis is directed towards an in-depth examination of the MBO process as one method that might be adopted by Army commanders to alleviate some of the problems cited.

#### Management by Objectives

The management technique used by many of our more successful organizations in business and industry is Management by Objectives (MBO). The concept will be fully developed in Chapters 2 and 3 but for the purpose here, MBO is defined as a management process whereby the superior and subordinate managers set goals in mutual focus. MBO allows maximum use of individual initiative and concentrates on key results related to the purpose of the organization. The process begins with the leadership of the organization establishing overall goals, and allows



individual managers the latitude to develop objectives within their own sphere of responsibility and resources that lead toward the accomplishment of those organization goals. The emphasis is directed towards results and requires periodic reviews to reorient goals and priorities. The organization must allow for decentralization with the manager developing a supportive or 'coaching' relationship. Recognition and reinforcement of achievement are essential to successful programs.

The problem here is to develop an MBO process that can be used in an Army battalion. The concept has been supported in official channels as a method for consideration.<sup>3</sup> However, full knowledge at the working level is limited and there are few that fully understand the complications involved. MBO is not an easy technique to implement. There are many intricacies that should be thoroughly examined prior to program initiation. In this effort, the MBO process is related to the military environment and an attempt is made to explain some of the problems that may be encountered.

The purpose of this thesis is to conduct a thorough analysis of MBO and its uses in other organizations and design a system tailored for a standard type Army battalion. System design includes the total process from education to development of objectives, review sessions and recognition. In the conduct of this investigation, the positive and negative factors involved are examined and methods are examined that might be used to

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3. "Management By Objectives - A Joint Venture," Commanders Call, Department of the Army Pamphlet, Spring 1974, pp. 3-6.

overcome the difficulties inherent in the MBO approach. With this thesis, the reader should be able to determine whether or not he desires to implement MBO. In addition, this paper offers a system designed for implementation at battalion level. In completing the analysis of this thesis, an attempt is made to answer the following questions:

- Is the MBO approach adaptable to a military environment?
- What have been the successful applications of MBO in other areas?
- Where has MBO failed in other areas?
- What are some of the keys to motivation of battalion officers? What are their needs?
- Can MBO be adapted to battalion tasks?
- What are the requirements for establishment of an MBO management approach?
- Does MBO require special training?
- Can MBO be used for performance evaluation? If so, how?
- Is recognition an inherent part of the MBO process? What then are some of the means that might be used in the military?
- Has MBO been applied in military units? If so, what is the degree of success?
- What are some of the differences in the communicative processes that take place in the military and civilian work environments? Are there significant differences between types of battalions in the Army?

### Basis for MBO in the Army

The basis for establishment of an MBO process in the Army will rest upon related success or failure of the technique in the service and other areas. If it has been a successful program in similar environments, then there may be reason to support Army wide use of this system at battalion level. If a relationship cannot be established, then MBO may be rejected or this process may be further refined using the parts of the system that can be related to probable success. In this comparison, the following relationships are examined:

- Work environment
- Motivation
- Tasks and Objectives
- Education and experience
- Communication processes
- Recognition
- Performance evaluation

To focus the research in a theoretical framework, the following assumptions are made:

- Management in the current environment of the Army is not totally authoritarian. True, an autocratic capability is necessary in any military organization; however, the daily conduct of business in the peacetime military environment is situational. Much of the work takes place in a relatively semi-structured atmosphere in officer to officer relationships.
- Army officer personnel are internally motivated and prefer to exercise their initiative as long as they can connect

accomplishment with individual or group needs. This is simply to state that Army managers can and will use the freedom to act in a positive manner given the proper environment.

-The overall goal of the Army is to maintain an organization capable of combat or logistics support for combat in the highest possible readiness condition. This objective provides a general target towards which all other goals in the Army should be directed.

The following terms are defined here for use throughout this thesis:

-Management by Objectives (MBO) - results management or a process whereby superior and subordinate managers set goals in mutual focus. MBO allows a maximum use of individual initiative and concentrates efforts on key results.

-Objective - goal, target or key result. In some literature on MBO, these terms have different meanings; however, throughout this thesis these words are interchangeable. Something to be accomplished in a period of time and based upon the purpose of the organization (preferably quantifiable). The results of directed effort - not activities.

-Participative Management - decentralized operations and allowance for contribution of all members of an organization in providing ideas and contributing to organizational goals. Everyone should totally understand the purpose and objectives of the organization and his or her share of the action.

-Motivation - an internal phenomena of people that determines the strength, intensity and direction of their effort toward

a desired end.

-Achievement - success in objective accomplishment, normally recognized external to the individual and related to individual, group or organizational goals.

-Recognition - individually perceived achievement and reward provided by an external source. The perception must be genuine to the individual to be effective.

### Scope of the Study

This study is limited to an analysis of MBO applications and possible relationships to the management process that exists in a standard Army battalion. The analysis is applied to a peacetime environment and examines requirements for improving unit readiness under these circumstances. The intention is to capitalize on the positive aspects of MBO that have been demonstrated to be successful in business, education, government and other military areas. In the remainder of this thesis, the entire spectrum of the MBO process is examined and an attempt is made to sort out some of the most important factors and pitfalls in its use. Chapter 2 provides a review of some of the extensive literature available on the subject. From this research, a sequential analysis of the MBO approach is conducted in Chapter 3. In Chapter 4 a system designed for application at battalion level is presented based upon the analysis and the author's personal experience with an MBO program in a separate company. In Chapter 5 the conclusions of this analysis are presented with suggested continued research and some Army wide implications.

## CHAPTER 2

### REVIEW OF MBO LITERATURE

#### Background

Early developments in managerial psychology provided the basis for MBO. Kurt Lewin in "The Psychology of Success and Failure" relates that an individual's perception of his success or failure is dependent upon his "level of aspiration."<sup>4</sup> The experience of a successful achievement depends upon whether or not this perceived 'level' is attained. A successful accomplishment is reenforced and the individual subsequently establishes a higher objective. Failure in goal attainment leads to a lowering of the 'level of aspiration.' Lewin further states that the perceived degree of difficulty will influence the determination of success or failure. Goals that are seen as too difficult to achieve (and not attained) are not perceived as failures. Those tasks that are too easily attained are not sensed as successful accomplishments. The individual establishes a framework of his 'level of aspiration' within which he operates at a particular moment in time. This framework moves up or down on a continuum depending upon discernable success or failure.<sup>5</sup> A. H. Maslow in "A Theory of Human Motivation" further postulates that the individual is motivated by an ordered hierarchy of physiological, safety, love, esteem and self actualization needs:

These basic goals are related to one another, being arranged in a hierarchy of prepotency. This means that the most pre-

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4. Lewin, Kurt, "The Psychology of Success and Failure,"  
from Readings in Managerial Psychology, pp. 25-31.
5. Ibid.

potent goal will monopolize consciousness and will tend of itself to organize the recruitment of the various capacities of the organism. The less prepotent needs are minimized, even forgotten or denied. But when a need is fairly well satisfied, the next prepotent ('higher') need emerges, in turn to dominate the conscious life and to serve as the center of organization of behavior, since gratified needs are not active motivations. 6

He describes man as a continually 'wanting animal' and once such basic physiological needs as hunger and safety are fulfilled, the individual seeks love or a need for belongingness. This concept is further developed by Douglas McGregor in "The Human Side of Enterprise," in which he concludes that in the modern industrial world the basic needs are fairly well satisfied.<sup>7</sup> People are motivated primarily towards higher level needs - when management provides the environment. The 'ego' or self esteem needs are the areas of most needed concentration by modern management. The need for self actualization is seldom achieved in the industrial world and is approached only by those in the higher professions and the arts. McGregor further defines the ego needs as:

1. Those needs that relate to one's self esteem - needs for self confidence, for independence, for achievement, for competence, for knowledge.

2. Those needs that relate to one's reputation - needs for status, for recognition, for appreciation, for the deserved respect of one's fellows. 8

He further states that most contemporary firms use a hard, 'theory X,' approach and assume that man must be controlled

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6. Maslow, A.H., "A Theory of Human Motivation," from Readings in Managerial Psychology, p. 23.

7. McGregor, D.W., "The Human Side of Enterprise," from Readings in Managerial Psychology, pp. 267-282.

8. Ibid., pp. 272-273.



and pushed into action. Money is assumed to be a prime motivator, and the individual is another resource to be manipulated. McGregor concludes that organizations using the 'theory X' approach have stifled their people and lost the potential for real growth. In contrast, he offers a 'theory Y,' designed to allow potential development of the esteem needs:

The motivation, the potential for development, the capacity for assuming responsibility, the readiness to direct behavior toward organizational goals are present in all people. Management does not put them there. It is a responsibility of management to make it possible for people to recognize and develop these human characteristics for themselves.

The essential task of management is to arrange organizational conditions and methods of operation so that people can achieve their own goals best by directing them toward organizational objectives. 9

'Theory Y' provides the bases for the assumptions on the behavior of people in organizations. Simply stated, an individual who is given the freedom to conceive and pursue objectives related to the overall goals of the firm will commit himself more intensely than when the tasks are continually specified for him by a higher authority. A person develops an identity with targets that he has conceived and assumes a degree of 'ego' risk in seeing the outcome completed. In addition, when the results are positive, the same individual's esteem is rewarded. This succession of events repeated several times over, develops a self confidence that is continually re-enforced.

One of the most noted business consultants on managerial behavior and motivation is Professor Frederick Herzberg of the University of Utah. In a study of motivation factors determined

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9. Ibid., p. 276.



from interviews with over two hundred engineers and accountants working in the metals industry in the Pittsburgh area, Professor Herzberg distinguished two separate needs affecting job attitudes. One set of needs simply provides the basics for a good working environment. These are termed 'hygiene factors' and include "company policy and administration, supervision, interpersonal relationships, working conditions, salary, status, and security."<sup>10</sup> Professor Herzberg found that these factors only contribute to an elimination of dissatisfactions with the job.

...The other set of needs relates to the unique human characteristic, the ability to achieve, and through achievement to experience psychological growth. The stimuli for the growth needs are the tasks that induce growth; in the industrial setting they are the job content.<sup>11</sup>

He lists the growth or 'motivator factors' as "achievement, recognition for achievement, the work itself, responsibility and growth or advancement."<sup>12</sup> The results (Appendix A)<sup>13</sup> of his study support these conclusions and provide further direction to this attempt to improve motivation in service management.

This brief description of basic findings in motivation theory provides the foundation of the support for the MBO process. In sum, the combined studies support the contention that an individual:

-operates in a goal seeking environment, internally perceived

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10. Herzberg, F., Mausner, B., and Snyderman, B.B., The Motivation to Work, 2nd edition, p. 113.

11. Herzberg, F., "One More Time: How Do You Motivate Employees?," Harvard Business Review, January-February, 1968.

12. Ibid.

13. Herzberg, Mausner and Snyderman, op. cit.

and related to his own 'aspirations.' Goal achievement provides reward and re-enforcement towards a higher 'level,' while failure has the opposite effect.

-continually seeks to satisfy 'needs' that change over time.

In a managerial setting, these needs tend to center around those of the 'ego' or 'self esteem.'

-has positive attitudes towards his job that relate to "achievement, recognition for achievement, work itself, responsibility and advancement."<sup>14</sup>

With these concepts as a background one may better understand the development of MBO as a management technique.

#### Process Development

The concept of MBO was first introduced to the business management environment by Peter F. Drucker in 1954 in his book The Practice of Management (Chapter 11). He contrasts the errors of 'management by drives' with the MBO approach of management by 'self control.' In the 'drives' approach, management continually emphasizes one crusade after another with the inevitable result that people on the receiving end bounce from one project to another. There is no sense of continuity, and after a protracted period under this approach communications downward are received in open hostility. One month it is a human relations drive, the next month it may be a drug abuse drive and so on - ad infinitum. Subordinate managers just begin to get involved in a crusade, only to learn that it is no longer

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14. Ibid.

in vogue. The sad part of this type of exercise is that so few 'drives' are in any sense related to the basic goals of the organization.

In an organization which manages by drives people either neglect their job to get on with the current drive, or silently organize for collective sabotage of the drive to get their work done. In either event they become deaf to the cry of 'wolf.' And when the real crisis comes, when all hands should drop everything and pitch in, they treat it as just another case of management created hysteria. 15

In contrast, Drucker offers management by 'self control' through which managers at all levels develop the ability to set their own objectives related to the purpose of the organization. The communications flow is upward with each group of lower level managers assisting in the establishment of the goals of their boss. Once this is completed the subordinate managers develop their own contributions to those goals. People are given the freedom to act responsibly on their own and planning ahead becomes a natural part of their daily work experience. Crises are reduced because the process of goal achievement is allowed to run full cycle and those that do arise become a part of the responsible manager's objective program. An individual learns 'self control' through developing his own goals to preclude crisis situations.

The greatest advantage of management by objectives is perhaps that it makes it possible for a manager to control his own performance. Self control means stronger motivation: a desire to do the best rather than just get by. It means higher performance goals and broader

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15. Drucker, P.F., op. cit., p. 128.

vision. Even if management by objectives were not necessary to give the enterprise the unity of direction and effort of a management team, it would be necessary to make possible management by self control. 16

In his most recent book, Management: Tasks, Responsibilities, Practices, Drucker further refines his MBO concept in line with the proliferation of information, and increased rapidity in access to information in recent years. Used in the proper manner this new ability allows for quick determination of what the goals of an organization (or part of an organization) should be, and rapidly provides a high degree of re-enforcement when the results of a decision have been determined. He strongly cautions that all too often this new ability is misused and applied as another form of control or 'management by drives' by the higher levels. Drucker ends his section on MBO by relating his concept as a 'principle' or 'philosophy' of management:

In the years since I first coined the term, 'management by objectives' has become a widely used slogan. There is a whole literature, and any number of management courses, seminars, and even movies on the subject. Hundreds of companies have adopted a policy of management by objectives - though only a few have followed through with true self-control. But management by objectives and self control is more than a slogan, more than a technique, more than a policy even. It is, so to speak, a constitutional principle.

...Finally it applies to every manager, whatever his level and function, and to any organization whether large or small. It insures performance by converting objective needs into personal goals. And this is genuine freedom. 17

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16. Ibid., pp. 130-131.

17. Drucker, P.F., Management, Tasks, Responsibilities, Practices, pp. 441-442.

Two points of interest can be made from this excerpt. First, this research, interviews and experience for the most part support his conclusion that where MBO has been applied it is done so in a partial manner. Follow through is often lacking, and few have complete understanding of the profound implications of this approach. Secondly, MBO does appear to have universal application. In one form or another, it has been attempted in the differing types of major organizations with varying degrees of success.

Several years ago, George S. Odiorne, a student of Drucker's conducted research on interviews gathered from 8500 people and their bosses in various industries.<sup>18</sup> He would conduct the interviews by first asking the subordinate to list his responsibilities. He would then go to the manager, and ask him to list the responsibilities of his subordinate. In comparing notes, he found that there was only a sixty per cent agreement between the manager and the subordinate on what those responsibilities really were.<sup>19</sup> Fully forty per cent of the subordinates effort was misdirected. In subsequent interviews at General Motors, IBM and Xerox he found a ready response from both subordinate and manager to an average of eighty-nine per cent match on responsibilities.<sup>20</sup> In essence, these firms had implemented MBO programs.

Student Odiorne is now Dean Odiorne of the Business School

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18. 'Introduction to MBO,' 5th printing, 1973, pamphlet from The Conference Board, New York, 1973, pp. 15-16.

19. Ibid.

20. Ibid.

of the University of Massachusetts and a noted scholar of MBO. He has written several books and numerous articles on the subject and is continually sought as a lecturer and consultant by business firms throughout the country. His best known work is titled Management By Objectives and provides an excellent 'how to' text for those interested in implementing a program. A simplified diagram of his approach is shown in Figure 1.<sup>21</sup> It should be pointed out that MBO is revealed as a 'cycle' or an iterative process. The system is flexible and allows for alteration or addition of goals and eliminations of inappropriate targets.

In a recent article Dean Odiorne discussed some of the better approaches to initiating a program. He readily admits that the MBO initiator has a difficult task in 'selling' his program to the people of an organization. Such effort requires a basic understanding of human behavior:

An often overlooked rule of allegiance is that people center their loyalties around the smallest unit of which they are a member rather than the overall organization. The basic unit for the soldier is the squad, not the armed forces of the free world....

This fact has great significance for implementing MBO. It means that objectives must be related to this man, this job, in this unit, this year. Expecting people to be motivated by grand designs and overall global strategies is unrealistic and contrary to political realities. 22

He suggests that the best approach towards beginning a program is through an educational process. MBO should be carefully

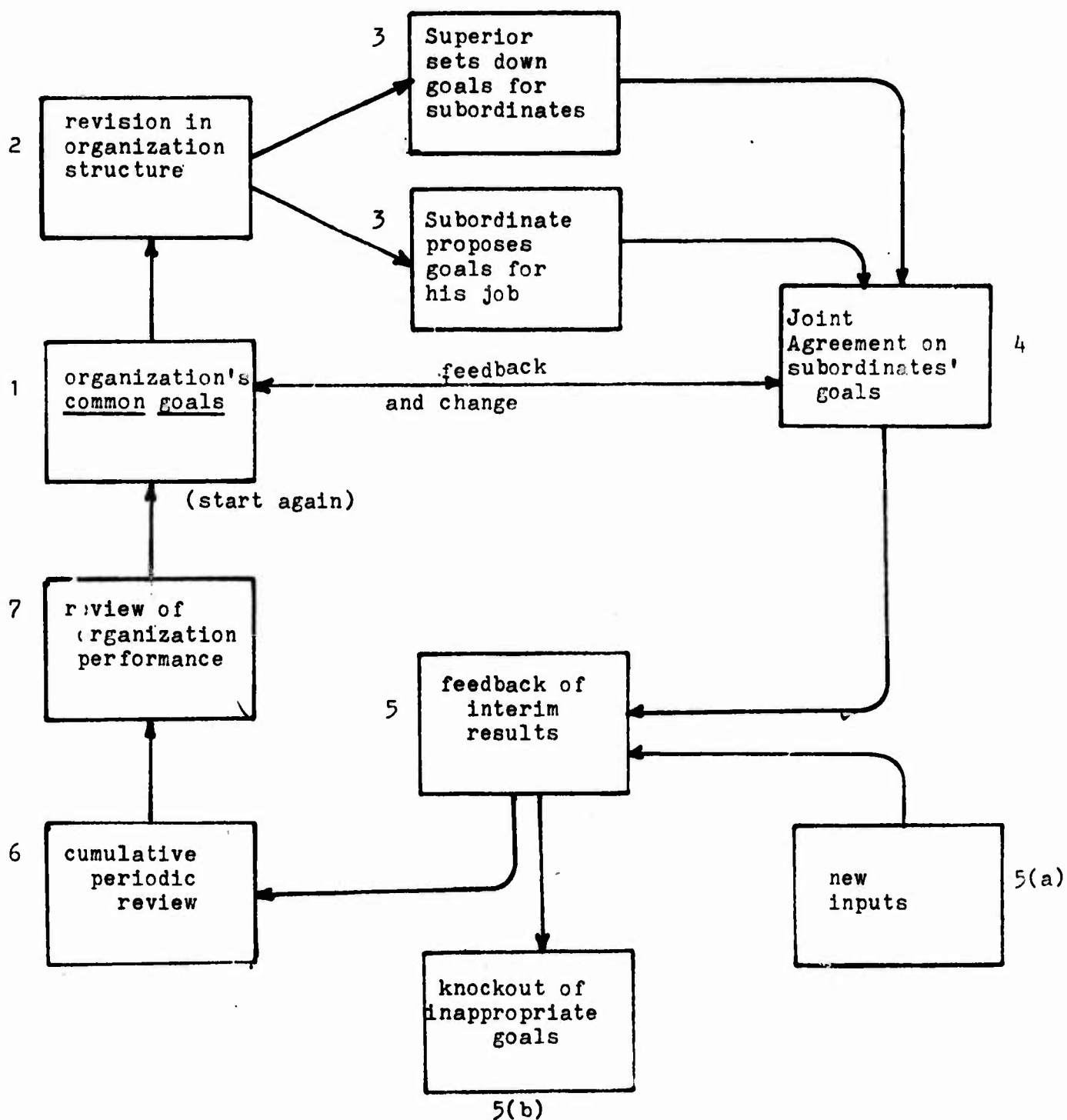
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21. Odiorne, G.F., Management By Objectives.

22. Odiorne, G. F., "The Politics of Implementing MBO," Business Horizons, p. 18.

FIGURE 1

## Odiorne's Cycle of Management by Objectives





and systematically fed into the organization through training programs and application of the fundamentals.

Another well known specialist of the MBO process, John Humble, director of Urwick, Orr & Partners, Ltd., Management Consultants of London, stresses five fundamental requirements to a successful MBO program in his book Improving Business

Results:

- Understanding by top management
- A perceptive preliminary study and launching plan
- High quality training of advisors and other specialists
- Sustained attack
- Special care in co-ordinating long range and short term plans. 23

Throughout the research the same 'keys' continued to be emphasized. The importance of strong support by top management is one example of a point stressed by Drucker, Odiorne and many others. The 'sustained attack' relates to the cycle of continuing review and development of new goals based upon success attained. Humble cautions that initial accomplishments under MBO may set the program in 'lock step' with a resistance to new developments. Flexibility must be built into the system and practiced during the first year of implementation. Humble claims that MBO programs initiated by his firm have assisted in significant improvements "in over sixty companies in Europe, South and East Africa, and South America." 24

Perhaps the most comprehensive recent review of the MBO process and its applications is provided by Carroll and Tosi in their book MBO: Applications and Research. This work

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23. Humble, J.W., Improving Business Results, p. 119.

24. Ibid.



provides a thorough analysis of studies of the applications of MBO and a review of the authors' own interviews and surveys of one firm. In an overall assessment of the results of applied MBO programs the authors conclude:

The research on organizational programs indicates that the adoption of this approach can improve managerial performance, managerial attitudes and organizational planning. The research also indicates that MBO programs require considerable time and effort expenditures for successful adoption, and unless they are given adequate support and attention and are well integrated into the organization, they will fail or not live up to expectations. 25

These results support the earlier contention that MBO is a difficult system to effectively implement. A thorough understanding of the factors involved can improve the probability of success. In their study of interviews and surveys conducted with one firm applying the process Carroll and Tosi demonstrate the significance of the effects of these factors (see Appendix B.)<sup>26</sup> The most distinct advantage indicated throughout this research is the improvement in manager-subordinate communications. The forced one to one relationship via MBO seems to indicate that this is one process that will improve mutual understanding. The 'formal requirements' problem most probably relates to the initial stages of an MBO program where training, objective setting and initial review periods require a great deal of time. Once the system becomes established the formal requirements should be minimal. The only paperwork absolutely necessary is an objective sheet with priorities, status and review

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25. Carroll, S.J., and Tosi, H.L.Jr., MBO: Application and Research, p. 16.

26. Ibid., pp. 23-27.

periods. It is interesting to examine the improvement suggestions and relate these to other findings. The conduct of regular review periods is a difficult job in the real world of minute to minute decision making and numerous activities that take up management time. Humble stresses this point in his book<sup>27</sup> and other authors provide the same criticism as most pertinent to ongoing programs. Another frequently emphasized suggestion is the demand for support by higher level management. Without continued strong emphasis and objective setting at the higher levels the MBO program will falter over a period of time.

These data show the importance of organizational commitment to MBO. Managers must feel that the MBO program is important, that the company is serious about it. It is necessary that organizational goals become clear, as goal setting at all levels is more difficult and perhaps impossible without clear goals that can be fashioned into departmental or individual goals. Managers must have time and resources so that they can utilize MBO. In addition, the time and energy should not be excessive. 28

### Applications

From this research it appears that the applications of MBO are extensive and can be adapted to situations ranging from free wheeling business marketing to the most structured of bureaucratic governmental organizations. Certainly the effects vary with the nature of the organization, although the reported results are essentially the same. Cases in business,

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27. Humble, op. cit.

28. Carroll and Tosi, op. cit., p. 45.

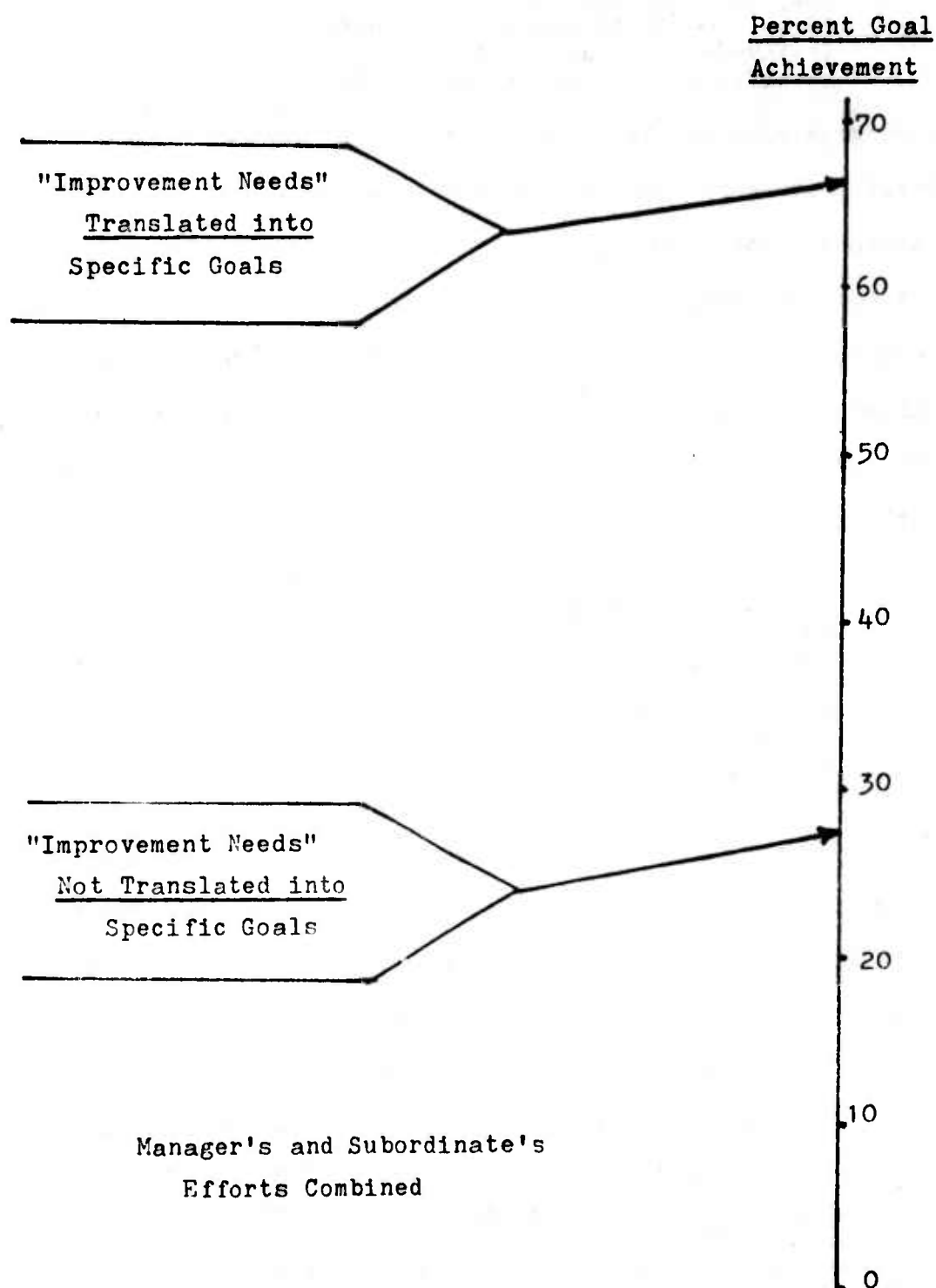
education, government and the military have been selected for review in an attempt to demonstrate the universal nature of the MBO process and further examine some important real world aspects of the MBO process.

Business - One of the earliest and most frequently cited studies of MBO applications in business was related by Meyer, Kay and French in an article in the Harvard Business Review. The research was conducted on alternative methods of appraisal interview processes in which one group (of 46) established their own goals before the interview. The managers of this group were instructed to allow as much freedom as possible in the appraisees influence over the final list. A second group (of 46) was provided with a list of goals established by their supervisors who were instructed to exert more influence over the final list of objectives. All of those surveyed were examined with questionnaires and interviews several months after the process. The reported findings provided significant insight: (see Figure 2).

1. Greater amounts of criticism and the high threat thus created were associated with more defensive behavior on the part of the appraisees and with lower subsequent performance for those appraisees in lower self esteem.
2. Appraisees who had more influence in setting goals had more favorable attitudes and achieved a higher percentage of their improvement goals than those with less influence in setting goals. However, appraisees who had been traditionally accustomed to low participation in their relationship with their superior did not perform better under high participation in goal setting.

FIGURE 2

## Goal Setting and Improvement in Performance



3. Goal setting itself was more important than subordinate participation in its effects on improved performance. About 65 per cent of the identified performance deficiencies that were translated into specific work goals resulted in improvements, whereas only about 27 per cent of the identified performance deficiencies that were not translated into specific goals were improved. 29

This program resulted in a further effort by General Electric to develop its Work Planning and Review program that provided the basis for their MBO system.

A program similar to the one developed by General Electric was employed by Texas Instruments. Faced with a rapidly expanding organization in the early sixties, the decision was made to decentralize and allow maximum growth in product-customer centers through an MBO process.

...Organized around a product or family of products the product-customer center is a miniature of the parent organization in terms of its organizational role.  
 ...This delegation process requires managers of product-customer centers to establish goals and keep score on themselves in the process of achieving them. 30

Texas Instruments combines their MBO goal setting process with performance reviews. An attempt is made throughout the organization to emphasize goal orientation and downplay the more traditional authority orientation often the nemesis of large organizations. Symbols of authority are minimized throughout the firm and significant effort is directed towards attaining

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29. Meyer, H.H., Kay, E., and French, J.R.P., "Split Roles in Performance Appraisal," Harvard Business Review, January-February, 1965, pp. 123-124.  
 30. Myers, M.S., "Conditions for Manager Motivation," from Behavioral Science and the Managers Role, p. 113.

and maintaining an open system of communication with and between all levels. For example, executive dining facilities are non-existent and parking spaces are assigned on "factors other than level of responsibility."<sup>31</sup> Emphasis is directed towards job competence or objective accomplishment and reward is in terms of "accountability, salary and freedom of action."<sup>32</sup>

...Earned status as its own reward, and the flaunting of symbols or other reminders of inequality is symptomatic of immaturity which serves only to undermine feeling of dignity and worth of those of a lesser status on whom higher status individuals depend for their continued success. <sup>33</sup>

The successful Texas Instruments program is probably best exemplified by the logarithmic increase in sales from the early sixties to date.

Another excellent example of a successful business implementation of MBO is provided by Humble on KLM Royal Dutch Airlined.<sup>34</sup> In initiating their system, top management canvassed people, to provide input on goals and problems, from all levels of the organization world wide. From their findings they developed the major goals of the firm. Additionally, the results indicated a need for reorganization that entailed significant decentralization throughout KLM. Next, pilot programs were established in two areas of the firm to determine the effects of MBO in the airline industry. Finally, a decision was made to implement MBO systematically throughout KLM - one area at a time. Throughout this process, management consultants were used extensively and

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31. Ibid.

32. Ibid.

33. Ibid., p. 114.

34. Humble, op.cit., p. 140.

KLM line managers received a comprehensive two week training program to insure their knowledge of the important aspects of the new program. In his analysis of the system introduction, Humble offers some important perceptions:

- It is pointless to agree upon performance standards for individual managers until the unit objectives have been thoroughly reexamined and clarified. Otherwise there is a real danger of channeling new enthusiasm into unimportant areas or even getting individuals to 'do the wrong things better.'
- It is dangerous and misconceived to hurry the process. The object of the programme is not just to produce a few pieces of paper. It is to get every manager to think through what is really important for him to achieve in the light of rapidly changing environment and market factors. Attitudes cannot just be changed overnight and time, patience and persistent counselling may be necessary if a lasting benefit is to be obtained.
- The Advisor or 'catalyst' role is of great importance in helping managers to make this fresh appraisal of their objectives and their performance. It follows that the people assigned to the work, whether from inside or outside the business, must be of high quality and maturity and thoroughly trained in the latest techniques.
- The importance of positive participation by line management has been repeatedly confirmed. This is not a programme which can have any lasting value if imposed on line managers. The programme must be shaped at every stage by line managers and it should be clear that their active support and personal involvement will not (and should not!) continue unless performance and profit results measurably improve. 35

These findings correlate well with those provided by Carroll and Tosi in their analysis of applied MBO programs.<sup>36</sup>

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35. Ibid., p. 144.

36. Carroll and Tosi, op. cit.



Humble concludes his analysis of the KLM project by stating that interviews with line management revealed a much clearer view of the purposes and goals of the positions. Prior to the MBO adoption many of the managers perceived their roles as that of high level salesmen and they tended to neglect the vast resources under their control. The new role pointed to the significance of their jobs as managers and resulted in an attitude change that contributed immensely to the accomplishments under MBO. The results of the MBO implementation were pointed out by the "high sales and profitability" of areas under MBO in relation to other areas of KLM that had not implemented the program at the time of Humble's publication.<sup>37</sup>

Government and Education - While the reported uses and case analysis of applications of MBO in the private sector have been extensive, the same expanse of literature is not available for public or government related applications. However, in recent years there has been a significant increase in the number of public or non-profit organizations using this approach. Some would claim that such organizations do not lend themselves to application of the MBO process. Dale D. McConkey, former Professor of Management at the University of Wisconsin and now a business consultant, concludes an analysis of such applications by strongly supporting MBO in public or service organizations:

Non-profit organizations are not unique. They, like all organizations, have an objective to achieve, namely, to provide the highest quality product or service consistent

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37. Humble, op. cit.

with the funds available. They have assets entrusted to them-people, capital and plant and equipment. They serve in a stewardship capacity to those upon whom they depend for continued existence. Managers of these organizations have no inherent right to waste any of these assets or violate their stewardship. They must be held accountable for results.

Highly successful MBO applications have been made in every conceivable type of organization....These include hospitals, schools, police departments, nursing homes, defense departments, etc.... 38

The point here is that MBO is readily adaptable as a process of management to all types of organizations. With indepth understanding of the MBO approach and the unique characteristics of a particular organization the combination can lead to improved results.

Rodney H. Brady, a former Assistant Secretary for Administration and Management in the Department of Health, Education and Welfare (HEW), related a successful MBO program at HEW that has been in existence for over three years.<sup>39</sup> The HEW MBO cycle is designed over the budget year and includes flexibility to add or delete objectives as situations change. Mr. Brady relates this 'ability to change directions' as one of the problems most unique to MBO in the public sector. Other problems that he experienced were the failure of some managers to provide the time required (for review sessions, objective setting, etc.) and the difficulty in role change required by managers from that of a politician-bureaucrat making

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38. McConkey, D.D., "Applying Management By Objectives to Non-Profit Organizations," SAM Advanced Management Journal, January, 1973, p. 19.

39. Brady, R.H., "MBO Goes to Work in The Public Sector," Harvard Business Review, March-April, 1973.

policy and defending budgets to that of a manager concentrating on working with people to achieve results. Mr. Brady concludes his article by relating some of the major improvements made in HEW goals through the program and the unique aspects of this approach in government:

While effective objectives can be established in public sector organizations, the process of developing the objectives is often more complex and requires broader coordination and participation of interested parties than in the private sector.

Objectives in the public sector must take a different form from those in the private sector. In the former, the objectives must usually be stated in terms of interim results; in the latter, objectives can normally be stated in terms of the ultimate objectives of "return on investment."

Although progress toward achieving many public sector objectives is difficult to measure, few meaningful objectives are beyond effective measurement. Through utilization of milestone charts, which document accomplishments to be achieved by established dates, progress toward achieving almost any objective can be measured. 40

The Canadian Government has initiated MBO programs in the Fisheries Department and the Canadian Post Office. Mr. Phillip J. Chartrand is their director of the Personnel Consulting Division of the Public Service's Bureau of Management Consulting services and serves as the MBO advisor to the various government organizations. In his articles on the programs in the Fisheries Department and the Post Office, Mr. Chartrand describes the systematic approach that he used to implement MBO in these areas. He emphasizes the need for a strong, supportive management climate, the delegation of operations in depth and the

integrative role of the manager in coordinating objective accomplishment and measuring results. In an effort to measure the degree of success of the Fisheries program, Mr. Chartrand used the Climate Review Questionnaire (formerly used to evaluate the Texas Instruments program) on thirty subjects in a before and after study. Figure 3<sup>41</sup> provides a summary of his findings and may serve to indicate the value of the program.

The 'Project Group' operated under the MBO system during this study and the 'Control Group' continued under the old or normal management techniques. One should take cognizance of the fact that at least part of the difference in results could probably be attributed to the simple fact that the 'Project Group' received higher interest and recognition during the study (the 'Hawthorne effect'). Subsequent interviews of the participants by an independent psychologist confirmed the improvements in objective orientation and improved communication.<sup>42</sup>

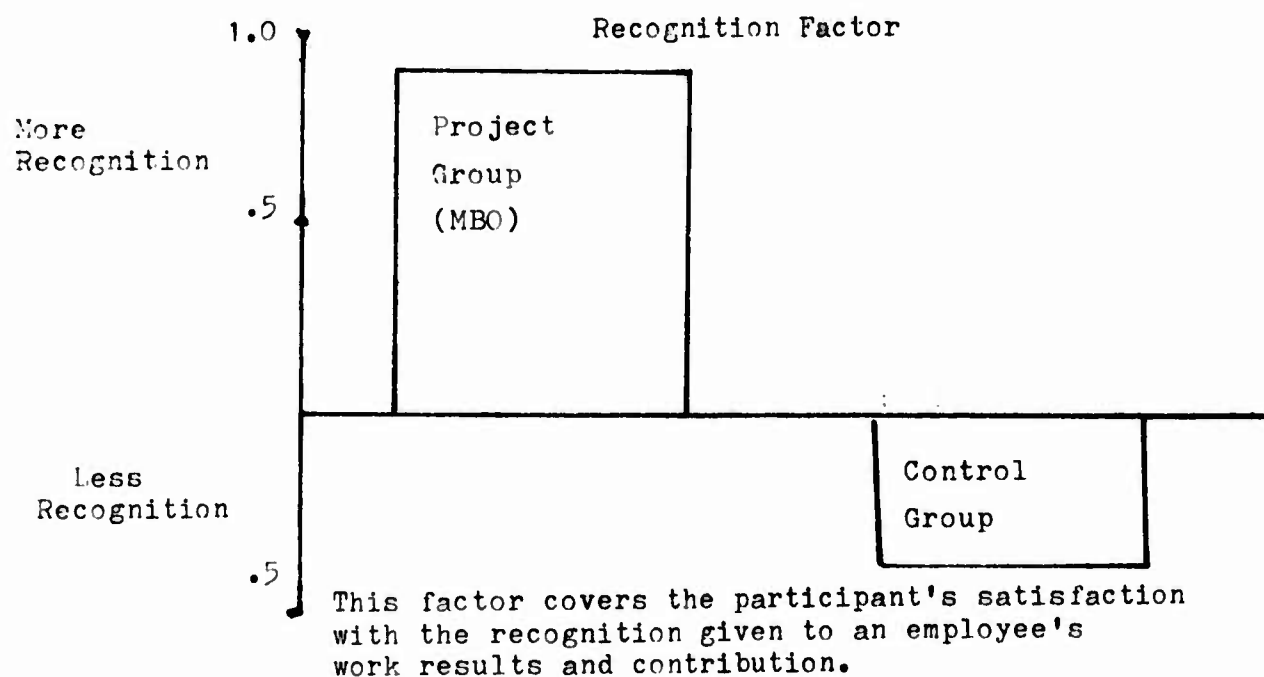
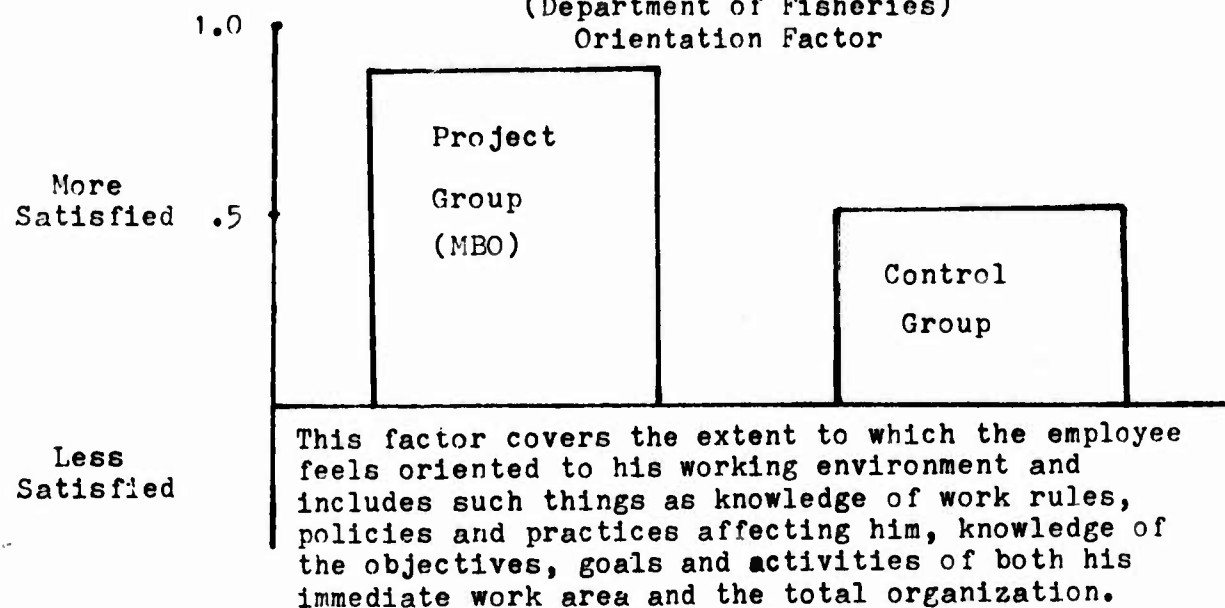
An increasingly popular study of a working MBO system was conducted by Professor Donald D. White of the University of Arkansas. In a questionnaire and interview study of 195 managers under an MBO program in a state health care facility, Professor White found that those commenting favorably on the MBO program cited "improved living and working conditions and reduced resident population,"<sup>43</sup> as some of the objectives

41. Chartrand, P.J., "From MBO to Business Planning," The Canadian Personnel and Industrial Relations Journal, September, 1971, pp.15-22.

42. Ibid., p. 22.

43. White, D.W., "Factors Affecting Employee Attitudes Toward the Installation of a New Management System," Academy of Management Journal, December, 1973, pp. 636-645.

FIGURE 3  
Results of Chartrand's Study of MBO in The Canadian Government  
(Department of Fisheries)



achieved. In addition, improved organization of resources, more meaningful communication and clear priorities assisted in favorable attitudes towards the MBO program. Appendix C <sup>44</sup> summarizes the study results and emphasizes the significance of the Herzberg 'job content' needs. One could submit that the introduction of an MBO program may serve to improve 'achievement' (Increased control over own activities), 'responsibility' (Clarification of own responsibilities and feeling in on decisions as a result of MBO) and 'recognition' (Increased influence in the department and positive effect on communications). Professor White concludes his study by relating some of the key elements of an MBO program:

Employees throughout the five departments studied generally had favorable attitudes toward the Management By Objectives system. Stated reasons for positive attitudes included resulting benefits for staff and patients, contribution to planning and utilization of resources and effects on interpersonal communication in the enterprise. Failure to realize established goals was the primary reason given for dissatisfaction with the system. Other factors cited in connection with unfavorable attitudes toward MBO include lack of needed cooperation from supervisors and over emphasis on achieving objectives. <sup>45</sup>

A similar study of an educational institution MBO program was conducted by Y. Krishna Shetty and Howard M. Carlisle of Utah State University. A questionnaire was administered to 236 members of the faculty who had been under the program for one year. The purpose of this study was to determine the reactions of faculty members to the program and analyze variations of the

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44. Ibid.

45. Ibid.



respondees in terms of rank, tenure, and length of service. Of the 109 usable responses the overall trend tends to support conclusions of earlier studies:

....The study shows that objective oriented programs like MBO when applied in an academic setting increase awareness of organizational goals, improve planning, result in better understanding of job expectations, provide better data for performance appraisal and improve performance and communication. Certain organizational variables seem to influence the perceptions of the participants concerning program success. More specifically, teachers with lower academic rank, teachers without tenure, and those with fewer years of service consider the program in more positive terms than those of higher rank who are tenured and have more years of service.... 46

Appendix D provides the results of this study. It is interesting to note the difference in reception to the program of the more senior faculty members. This would suggest that program design should include consideration of these elements. Other studies have also recommended that the MBO approach be tailored to type or categories of individuals. 47

Military - Although a number of MBO programs have been initiated in military organizations information on actual results is difficult to obtain. The Army Materiel Command (AMC) has a program that reportedly started as early as 1964. Mr. Robert E. Jones, a program analyst from AMC Headquarters, reports that the MBO system is working well and has established quarterly targets. 48 William O. Harris in an article in

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46. Shetty, Y.K. and Carlisle, H.M., "Organizational Correlates of a Management By Objectives Program," Academy of Management Journal, March, 1974, pp. 155-162.

47. Humble, op. cit., and Carroll and Tosi, op. cit.

48. Jones, R.E., "Management By Objective: Theory and Practice," Army Logistician, May-June, 1974, pp. 10-12.



Government Executive states that AMC has made significant progress towards improving depot management with this process.<sup>49</sup>

The most comprehensive evaluation of a military MBO program is a study by Alan P. DeRoco and Charles R. Grutzius. In an analysis of a pilot MBO project conducted at a Naval Communications Station their report cites similar problems to that of industry (and others) in program initiation. Using the Humble method of Key Results Analysis the authors assisted in setting up the project and evaluated results through interviews at the end of the year. Lack of command support due to 'higher priority commitments' was given as one of the major problems. In an on-going activity the time required to develop the MBO process is extensive. One of the purposes of their study was to determine if the problems of MBO initiation in a military communication station would differ significantly from other applications. Their findings support the view that difficulties encountered closely parallel those in industry. They cite only one problem that may be peculiar to the military environment:

...The point here is that any change from current management practice to one that is more participative does not necessarily weaken the authority of the superior. As we have illustrated...authority relationships and acknowledgement of responsibilities are actually strengthened during the MBO process. From our observations, the most difficult level to convince of this are those firstline supervisors and middle managers with long periods of military service in specialized areas i.e. Senior

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49. Harris, W.O., "Improving Federal Program Performance," Government Executive, September, 1973, pp. 54-57.

and Master Chief Petty Officers. We feel that bringing these individuals into the MBO program will offer the greatest challenge to the implementation process, but it is necessary to counter narrow gauge attitudes that concentrate each manager's attention solely on his own group's fraction of contribution to the organization's success...50

One might reexamine the Shetty and Carlisle study and draw a relationship to the difficulties encountered with the more senior faculty members in expressing program acceptance. Perhaps this problem is not peculiar to a military organization.

On the positive side, the authors frequently cite improved communications and goal orientation as obvious successes during their interviews. The overall analysis is favorable to implementing MBO in military units, if one understands the degree of commitment and problems associated with the MBO process in any organization.

In a current effort to implement MBO in the Army Communications Agency, Fred Burrell and Norman Warden of that Headquarters have conducted interviews with people under MBO programs in the military throughout the country. Their overall response has been mixed. Problems encountered are comparable to those discussed earlier. Often MBO becomes a 'fad' or 'drive' in itself that never gets fully implemented. In one such program at a military school, personnel interviewed had little knowledge of the programs existence or expressed lack of knowledge of the requirements under this approach. It appears that in

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50. DeRoco, A.P., and Grutzius, C.R., "Application of Management By Objective to Naval Communications Management," Naval Postgraduate School Thesis, March 1973.

many areas the entire MBO effort is passed off to a staff activity (normally Comptroller) with only initial support from the command group.

MBO is not new to the Army - its application has been attempted in many commands with varying degrees of success. Major William A Hokanson (C&GSC class of 1969) conducted an analysis of MBO program use in battalions throughout the Army. His research resulted in significant evidence of independently initiated programs or variations of the technique by sixty-nine (39%) out of one hundred seventy-six respondees to his questionnaire. Four published samples of MBO programs were submitted. It should be noted that any form of an objectives program was included as a 'variation' of the technique and may or may not be an MBO program in the true sense. Major Hokanson concluded:

Based on the findings of this investigation, it is concluded that the concept of management by objectives (1) has a sound basis in current management theory and business practice, (2) has a broad degree of conformity with established Army doctrine in the areas of command and staff procedure, operational readiness training, leadership and management, and (3) is useable in actual military practice at battalion level. 51

The remarks of those commanders who submitted programs for Major Hokanson's thesis strongly supported his conclusions. All were enthusiastic towards the use and resulting improvements attributable to the MBO approach.

A recent experiment with MBO applications at the battalion

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51. Hokanson, W.A., "An Investigation of the Applicability of Management By Objectives to the Command of Army Battalions Not Engaged in Combat Operations," Command and General Staff College, 1969, p. 186.

level is nearing completion at Fort Bliss, Texas. Dr. John Fry of the Human Resources Research Organization (HUMRRO) stated in phone conversations that the problems in implementation were similar to those in business and industry. A need for strong support of the process by the commander is one example that was given. Another problem cited was the frequent moves of personnel. Dr. Fry indicated that the complete results of his two year study should be published by July 1975.

In summary, the literature available on the MBO process and its applications is extensive. The background for MBO has been developed from early studies on human behavior and provides a basis for understanding some of the important motivational elements involved. The process as developed by Drucker, Odiorne and others is simple to understand - yet difficult in its application. Recent empirical studies and articles have provided a deeper comprehension of the significant points of this system. The process has been universally adopted by many organizations in different organizational environments throughout the world. It is significant that the strong support for this approach continues throughout the research even though there are admitted significant problems and costs involved. In the next chapter, the process is analyzed and factors weighed to determine the essential components of a successful program.

## CHAPTER 3

### SEQUENTIAL ANALYSIS OF MBO

This chapter comprises an examination of the MBO process by studying the major phases in the initiation of a program, looking at some of the problems and criticisms and, finally, relating some perceptions of this approach that may be peculiar to the Army environment. Chapter 4 then presents a proposed system specifically related to an Army battalion.

#### Review Organization Purposes

Once the decision to use the MBO system has been made, the first requirement is an in-depth review of what the organization is supposed to accomplish. This may be a much more difficult process than first appears. A mission statement or functions manual can provide a general area for concentration, but seldom do such documents give expected output in real terms. What is needed from such an analysis are the major areas of focus towards which the commander can begin to develop realistic goals. One must continually ask the question: 'What are we in business for?' In a military organization the idea might be to develop the ability to be prepared for a series of 'what if' situations. These should be spelled out whenever possible along with their relative probability of occurrence. The overall effort in establishing organizational targets is subsequently oriented towards those events to the degree indicated. For example, a commander might determine from contingency plans at higher headquarters that he has a high probability of deployment under

desert warfare conditions. One of his areas of focus might then be to develop objectives that would lead to an appropriate degree of readiness for that contingency. A significant portion of the available training time could be directed towards perfecting the skills necessary for that environment. The next step would be to develop objectives that lead to the desired level of readiness. There are a number of other areas that the commander might see as essential purposes of the organization. The importance of this phase is that all areas are examined thoroughly and sifted out. The specifics of the objectives setting process are developed fully in a subsequent section, but the task required here is an honest examination of the goals of the entire organization. The major areas are listed in order of priority and will provide the focus of the goal setting process. This point cannot be over-emphasized. Of all the actions that take place in the MBO process, this is perhaps the most critical phase. All of the subsequent actions and objectives of the entire command will be eventually directed towards these ends.

Such analysis should not be undertaken by one individual. A team approach consisting of the commander, his staff and unit commanders should establish a series of conferences to determine areas of focus and overall organizational goals. Some of these goals may already be established with the stated mission and required readiness posture. Such goals can provide an excellent starting point. Representation from higher headquarters and supported commands (if the organization is of the



support type) should be invited to assist. Visits to other organizations performing similar functions will also help to provide ideas. This procedure will require a significant amount of time and should not be rushed. Both short and long range objectives should be carefully sorted out and programmed in meaningful, concrete terms. Past functions that have been performed by the unit should be thoroughly scrutinized to determine their relevance to the agreed upon goals. Those functions that do not lead to basic objectives of the organization should be eliminated with the resources saved redirected to the primary tasks. Some important facets of this group objective development process are that all of the primary contributors have a sense of entrepreneurship, obtain a 'feel' for the priorities (established by the commander) and gain an understanding of the coordination required. The priority goals of the command should be written down along with their respective achievement indicators.

At this point the commander may select one staff officer to become his in-house MBO consultant. The selectee should have a background in management or the behavioral sciences. Given adequate time to prepare, this individual could learn the intricacies of the process (goal setting, counseling techniques, group problem solving, etc.) in four to six weeks. In the initial period, the consultant should set up the training program and obtain literature for distribution to battalion officers. Once the program is underway, this staff officer would be the primary contact for assistance and would conduct subsequent training for new officer personnel in the command.



With the identification of major goals for the organization a restructuring of resources and responsibilities may be in order. The basic structure of the establishment should correlate with the stated objectives. This is probably most applicable to a service or support type unit where the elements are designed to handle product or customer service. In such an arrangement, the restructuring might be aligned so that each unit supports a particular set of customers or products. Overlapping responsibilities are eliminated where possible to allow clear understanding of who is to handle which objectives. Decentralization in its true sense is a fundamental part of this technique and should be reflected in the shape of the organization. Each sub-element should have clearly defined areas of responsibility and the requisite authority to expend resources.

#### Develop A People Oriented System

It was established earlier that the basis of the MBO approach was derived from research developments in the behavioral sciences. As such, each interjection of a particular portion of the MBO system should be carefully tailored to the situation at hand. All too often new developments or procedures are introduced with all the fanfare of a Madison Avenue production. The reception from an audience that has been over-taxed with 'new systems' in the past is probably negative or short term, token acceptance at best. The military services have been over burdened with this approach for many years and this understanding of the differences between the real and theoretical environment is important. The climate of the command can be determined through simply talking and carefully listening to

small groups at various levels. With a 'feel' for the environment the MBO process is best introduced by simply weaving the essential basics into the fabric of the organization. The group objective setting process, for example, should be introduced not as 'MBO' but as the beginning of a sincere effort to determine precisely what the organization should be attempting to accomplish in a given period of time.

...MBO...is a technique that does not work in many cases, though, because the only successful application is through custom designing, thoughtful implementation, and careful evaluation within the context of a total organization development effort.

...at various times in their existence, organizations do, apparently need to focus on one or another of several different concerns - clarity of roles, a sense of membership, openness of communication, sharing of common goals, and agreement on method for control. And there is little argument that MBO can be a useful method for working through any or all of these concerns. 52

Traditionally, people in the service have been authority oriented and will probably suffer some discomfort in a major change to a more objective orientation. When the goals of the organization and the area of responsibility have been more clearly defined, an individual who has become accustomed to the old environment may interpret the change as a threat to his status or security. He may be reluctant to commit himself to specific goals in fear of the consequences of being unable to meet his targets. The commander or supervisor must incorporate

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52. Byrd, R.E. and Cowan, J., "MBO: A Behavioral Science Approach," Personnel, March-April, 1974, pp. 42-43.

techniques to alleviate those apprehensions through emphasis on the positive aspects of the process. A feedback system of recognition and rewards should be set up to provide a continuing sense of achievement. Major focus will probably continue on the commander or supervisor and, as such, he should be the strongest proponent of the new process. Once the cycle of MBO has begun to move, the personal commitment of the members of the organization should improve with each successive accomplishment.

As a part of the system design, an education program on the fundamentals of MBO should be integrated into the training cycle. Attendees should include those personnel affected by the implementation of the process. For the initial stages in a battalion, this would include the commander, primary staff officers and unit commanders. Initially, the techniques of participative management, objective setting and results determination could be incorporated as a part of the working group objectives meetings. Scheduled one or two hour classes each month in performance counseling, small group theory, interpersonal communications or other management techniques should begin to build a supportive climate for improved performance with the MBO process. Such skills take time to grow and develop, and can best be interjected as a part of an overall management improvement training effort. The unit commander who receives a continuing education as a part of the on-going working environment can test the theory in daily practical situations. It is essential that training in human behavior becomes a continuing part of the annual training program to keep the people orientation a part of the MBO system and

incorporate new arrivals into the process.

It was earlier stated that 'theory Y' assumptions should be used for the MBO approach to have its best effect. Such assumptions suggest a democratic or consultative, 'We', approach to management. In real life situations the style of management is adjusted to situational needs. Certainly in a military organization there must be the capability to demand instant response - at times only through an authoritarian approach. Differences in managers, subordinates and situations over time must be considered in their appropriate context. Most managers do not operate strictly in a democratic or authoritarian manner. Each situation requires a somewhat different technique. It is perhaps best thought of as management on a continuum. Some managers operate mostly in a consultative manner with occasional swings to the authoritarian style when the situation requires its use. Others may function in a different sector of the spectrum. The MBO process allows use of either approach, but its best effects come with the release of individual initiative with the democratic style. The idea behind MBO is to develop the capability to operate mostly in the democratic or consultative realm to allow for maximum use of subordinate initiative. This will require training and counseling, but it is important to recognize that both techniques will continue in the military.

...The more successful companies have been those whose management can be characterized by a balanced, participative style, one which encourages maximum participation while discouraging permissiveness. For obvious reasons, MBO will be least successful with an autocratic management. While MBO can achieve some measure

of success in a bureaucratic atmosphere, its effectiveness will be greatly decreased by the excess of red tape, controls, and procedures.

The balanced, participative style is usually defined as one in which the maximum number of the following attributes is actually practiced in a maximum degree:

In-depth delegation

Maximum participation in the objective setting and planning processes

Managers permitted to make some mistakes

Change encouraged and planned for

Policies and procedures minimal and

subject to change when necessary

Controls tight but only the minimum

imposed to keep the unit in control

A meaningful reward system

A high degree of self-management,

self-discipline, and self-control on the part of managers. 53

Subordinate receptivity and ability to function with the MBO process will vary. Such differences should be accepted and handled in an individual manner. Some subordinates will be able to readily understand the MBO system and perform well from the beginning. Others may need more frequent counseling and assistance in setting appropriate goals. It is important that the process developed take these factors into consideration. Each subordinate will interpret the process in a different manner, and the commander or supervisor must take the time to listen carefully to feedback. Adjustments may be necessary for each individual. Role clarity is essential and the proper selection and positioning of each subordinate manager should be considered part of the process. Individual desires and ability to meet the goals of his appointed position should also be

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53. McConkey, D.D., "MBO-Twenty Years Later, Where Do We Stand," Business Horizons, August, 1973, p. 28.

considered to optimize the effects of MBO process.

Initiation of the program should be carefully planned over a period of time. Major changes in the organization environment over a short period could develop into situations that are difficult to correct. People become threatened and frustrated under such circumstances. The implementation of the MBO process is best accomplished from the top of the organization down - one level at a time. At each stage sufficient time is provided to allow for three or four review periods (approximately three months per period). This sequencing provides time to adjust resources and focus on meaningful objectives.

One of the major reasons for the failure of MBO in many organizations is that those in charge fail to recognize the political character of the implementation process. MBO is indeed logical and systematic, but it also must deal with a number of factors, including power and authority, the organization form, and the values and expectations of people. The MBO implementer, therefore, must recognize the reality of political constraints and manage them during the process of implementation. 54

#### Establish Meaningful Objectives

The establishment of meaningful objectives is a difficult and time consuming process. All too often this is one area in which the 'given' is taken for granted and the manager simply accepts the goals that he now has as part of his MBO program. While for some goals this may be correct, all too often this is not appropriate. An 'objective' takes on a

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54. Odiorne, G. F., op. cit., p. 13.



somewhat different meaning under MBO. To state simply that the organization's goal is to 'achieve the highest possible readiness condition' is not sufficient. What is the highest possible readiness condition? What can be done (in concrete terms) to bring the unit to a particular status under given constraints of time and resources? An objective, in the MBO context of the term, defines a particular accomplishment in a given period of time that directly relates to the basic purposes of the organization. Such goals should be quantified where possible and identified with one responsible agency (or separate the part that is their responsibility). Recalling Lewin's "level of aspiration," such goals should be established between a framework of being high enough to incite challenge, yet not so optimistic as to be beyond the capability of the individual supervisor and his available resources. The lower limit should be high enough to provide an intrinsic sense of accomplishment, yet not so low that attainment lacks meaning. At the same time, care must be taken to develop clear indicators of goal achievement. Control is an inherent part of the objective review and should be built in from the beginning. Indicators can be in the form of a percentage of goal attained or stages of a work schedule spaced over a period of time.

- Start off with an action verb.
- Identify a single key result for each of the objectives.
- Give the day, month, and year of estimated completion.
- Identify costs. ie: dollars, time, materials, and equipment.
- State verifiable criteria which signal when the objective has been reached.



Be sure the objective is controllable  
by the person setting the objective  
and, if not totally controllable,  
at least isolate the part that is. 55

Under the MBO approach objectives are normally categorized into routine, problem solving, innovative or personal goals to aid in clarifying the major functions of an organization. Routine goals are normally considered those that fall into the area of continuing daily activities. Such functions as establishing and meeting a training or maintenance cycle would be in this category. Recurring administrative requirements such as reports needed at higher levels might be another area. An example for a unit commander might be:

-To reduce the vehicle deadline rate due to organizational maintenance by five per cent (pessimistic) to fifteen per cent (optimistic) by 21 March 19\_\_.

Note that this objective has the characteristics required. Assuming resources are sufficient to the tasks, the goal is narrowed to the functional activity, provides a challenging range for improvement and establishes a time for completion that coincides with normally required quarterly readiness report.

The problem solving category includes those goals that require action to resolve an area of difficulty. In a sense, the concept of MBO encompasses 'management by exception' through making the problem areas objectives that are resolved as a part of the continuous planning process. The use of MBO,

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55. Lasagna, J.B., "Make Your MBO Pragmatic," Harvard Business Review, November-December, 1971, p. 64.

however, should eventually reduce the crises that arise with 'exception' situations through programmed improvement. In the normal course of daily activity objectives may be surfaced in a number of functions. Such goals usually have an end result that eliminates the difficulty. One example might be:

-Through the use of self-help labor, to construct a Petroleum, Oils and Lubricant (POL) storage facility for A Company motor pool by 30 June 19\_\_.

Once this facility is completed the storage problems of security and safety on a vehicle may be eliminated. Other examples could be demonstrated improvements in the dining facility, supply room or billets areas. Once such goals become known to a commander, he may now set in motion staff assistance required. In this example, the S-4 might be able to assist in helping the unit obtain materials and directions from the facilities engineer.

The innovative goals are those which require imagination and may materially improve the efficiency or effectiveness of the command. One example might be to develop a personnel management program for a supply computer in a support battalion (to maximize use of equipment during reduced workload time). Another for a tank battalion might be:

-By 1 July 19\_\_ to conduct a four day assault field exercise without the use of radios to improve the battalion's ability to function in a modern electronic warfare (EW) environment.

This objective would require considerable planning and coordination between the units and the staff. Training in the use of flares, arm and hand signals, and other means of communication would be required. This type of challenge might evoke new ideas on communicative methods in the field. The list of innovative areas is extensive and such ideas are normally passed over as other events fill the time schedule. With careful planning these objectives can be brought out and integrated in the work program.

Personal objectives are those that an individual manager might express as his own desires and will normally relate to self-improvement needs. From these goals a commander may get a feel for some of the aspirations of his subordinates. With this knowledge he may be able to provide guidance or assistance. As is often the case, many unit commanders or staff officers may be assigned to a position for which they lack the necessary background or training. The commander may be able to send the individual to a school or provide information in developing a particular knowledge. An example of a proposed objective for a staff officer assigned to an ordnance ammunition battalion (without recent training or experience) might be:

-To successfully complete through Phase III of the Ammunition Officer's Correspondence Course by 1 September 19\_\_.

Now the commander is aware of this officer's effort to improve his ability on his own time. Proper recognition can be given for achievement and the returns for a battalion in the ammunition business may be significant.

In each objective functional area, the emphasis should be on improvement over the current status. The initial effort to determine relevant goals will require a considerable amount of time. The determination of what precisely constitutes a five per cent reduction in vehicle deadline rate, for example, should be sorted out and directly related to a real improvement in capability. Care must be taken to insure that such effort does not become a paperwork exercise. Wherever possible, emphasis should be placed on measureable, qualitative or quantitative improvement in readiness posture in a given period of time. A commander should recognize that goals may vary considerably from unit to unit. An achievement of a ninety per cent vehicle operational capability, for a unit with an experienced motor sergeant, may be easily attained, while another unit with a young specialist fifth class senior mechanic holding that position may struggle to achieve seventy per cent. The important point is that such differences are recognized - not penalized. These differences may surface problems that will become appropriate areas for staff objectives.

1. Goals should be stated in a form that facilitates their use in measurement of results at a future time.
2. Goals should be stated in a way that will affect behavior and results. They should not be employed to set in writing those activities, even if they haven't been discussed and confirmed in writing, which he would have performed anyhow.
3. The two basic tools for setting the goals are a dialog and a memo. The dialog comes first since cold memos have a cold and often damaging effect. The memo is a confirmation in writing of what has been agreed upon between man and boss.
4. The goals should be stated in a form which permits their use during the period

for self-guidance and self-feedback, and not etched on copper and buried in a cornerstone to be disinterred a year later when the personnel department calls for the annual performance report. 56

In its inception, the MBO process may generate numerous objectives. While there is seemingly no limit to what could be accomplished, the commander must assist in sorting out priority objectives. Many functions that are surfaced may be irrelevant and should be eliminated. Only those goals that directly relate to the purpose of the organization should be retained. The initial list could be limited to a specific number until the process has begun to take hold. The commander may interject additional targets and will determine priority groups. This analysis should take place in a one to one interview, relatively free of interruptions. Several meetings may be required until the final list is agreed upon. Once this step is completed, both the commander and subordinate should retain copies of the list.

#### Insure Review Periods Are Conducted

...During the year check each subordinates goals as promised milestones are reached.

- a) Is he meeting his targets? Time, cost, quantity, quality, and service should be measured here.
- b) Should his targets be amended? Don't hesitate to eliminate inappropriate goals, or to add new targets if a special opportunity arises.
- c) Are you delivering on your part in helping him?
- d) Use the jointly agreed upon goals as a tool for coaching, developing, and improving

each man's performance on a continuous basis. Reinforce good results by a feedback of success when you see it. Allow a man to make some mistakes (don't hound him for them) but use his failures as a platform for coaching. 57

When the objectives have been clearly established, the commander should set a time for the periodic review. Such periods are best scheduled at three or four month intervals to allow sufficient time for the subordinate to effect a measurable change towards goal attainment. Again, the interview or coaching session should be one to one in an environment relatively free of interruptions. The subordinate should be allowed to report his progress to date and indicate any resource limitations that he has encountered. The art of inquiry should be used to determine problem areas or, perhaps, successful methods that may be passed on to other subordinates. This is not a 'performance evaluation' session as such. The concentrated attention of both commander and subordinate is directed towards accomplishment of mutual goals. An attempt is made to honestly decipher the actual status - not simply a cursory examination of numbers in a report. Each objective is discussed in turn with the commander noting ways that he can assist or asking questions to allow the subordinate to draw out his own mistakes. Criticisms of the subordinate's personal performance are not appropriate here and should be left for a separate counseling session. The focus should be maintained on the listed objectives.

This is the session where the goals of the Management by Objectives system can be best realized. We are now zeroing in on those skills, techniques, learnings, etc. that the man must have to:  
IMPROVE HIS JOB PERFORMANCE and  
GUARANTEE HIS CONTINUED PERSONAL DEVELOPMENT AND GROWTH.

It is now that the MAN is meeting with his manager realizing that the manager is there to COUNSEL, ADVISE AND PLAN WITH HIM - NOT CRITIQUE HIM! 58

Development of the supervisors' listening, diagnostic and inquisitive skills should be a part of the training effort that coincides with an on-going MBO program.

...Instead of immediately telling him "How it's Done," when he confronts you with a problem, TRY asking him the following questions:  
 What is the PROBLEM?  
 Why do you THINK it exists?  
 What are some of the ALTERNATIVES that you have DEVELOPED?  
 What are YOUR RECOMMENDATIONS?  
 You will see HE is called upon to THINK, then to PRESCRIBE, and then select the best possible cure for his ills, how he sits a little taller in the chair. He will recognize he CAN ANSWER HIS OWN NEEDS, AND EFFECTIVELY, TOO, IF HE IS GIVEN THE CHANCE. LET him have that chance as often as possible. 59

The periodic review is used to re-orient both commander and subordinate. In a sense, it is a mid-course correction that allows both addition or deletion of objectives as appropriate. The commander attempts to determine whether or not he can assist. He may determine that the subordinate is spending too much time and effort on a goal that is not cost

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58. "Introduction to MBO," The Conference Board, 1973, p. 49.  
 59. Ibid.



effective. The subordinate has a chance to 'try-out' his accomplishments and direction on his commander. A change in priorities may have been made without his knowledge and he can re-adjust his resources. Both commander and subordinate should complete the review session with an adjusted list of objectives and a clear knowledge of the new actions required. The important point is that such review sessions are scheduled and held. Perhaps one of the most significant causes of failure in MBO programs may be directly traced to a lack of follow up through regularly scheduled review periods.

The research suggests that feedback frequency is an important determinant of the success of MBO. Virtually all the relationships between feedback frequency and the criteria variables were positive. For example, higher feedback frequency was related to more favorable attitudes toward the program, higher goal success, improvement in the relationship with the superior, a perception that the organization supports the WPR (MBO) program, a feeling of supportiveness and interest from one's superiors, and satisfaction with the superior. Our data also indicated that feedback frequency seems especially important to managers low in self assurance, cautious in decision making, and with jobs involving frequent change. 60

Many objectives will overlap both command and staff, and it may be necessary to conduct a group review. Such objectives are most appropriately covered in a scheduled organizational review program. This type session should be scheduled approximately once every six months to attempt

to tie together overall organizational accomplishments. In a sense, this becomes a group objective review period, wherein the commander's goals for the command are accumulated and analyzed. The status of each functional area is presented to the group for review and comment. In these meetings the organization's goals are restructured with emphasis on new planning and coordination between subordinate commanders and staff. The concentration here is on new action directed towards future improvement. Simple review and analysis of past mistakes are not sufficient. This approach seems to be common for many periodic 'commanders call' type meetings. All too often a 'laundry list' of past mistakes combined with numerous charts on outdated or insignificant information takes the steam out of what should be a productive, future oriented session. The commander should insure that the group effort is focused on priority goals that require coordinated action.

#### Provide Recognition and Feedback

To close the loop on the MBO cycle the commander or supervisor should understand some of the basic elements of human motivation. From Herzberg's analysis of the motivator factors, it was apparent that recognition and achievement are strong, short term reinforcing mechanisms. Doctor Clifford E. Smith reported an Air Force comprehensive study of officer motivation that closely agrees with the Herzberg findings:

The "New View" (study) confirmed Herzberg's theory on the officer group investigated,

finding the motivators in the Air Force  
to be achievement, recognition, the work  
itself, responsibility, advancement,  
growth.... 61

It is important to emphasize recognition and achievement on a regular basis. As short term motivators, these factors are very much a part of the daily work environment and cannot be forgotten until the periodic review. As this study suggests, most officers have perhaps the same basic needs as managers in business or industry. A perceived sense of meaningful accomplishment is critically important and provides its own reward - to a degree. A well timed congratulatory remark or letter from the commander can reinforce high initiative. To be fully effective, it must be genuine and related directly to the specific accomplishment.

In the area of recognition, there may be a number of programs similar to 'Junior Officer of the Month' and 'Accent on Bars'. These can be worth while, but they only scratch the surface. You don't motivate a thousand men by recognizing one of them, and even one a month does not give many a chance to be recognized during the year. Recognition as a motivator needs to be less automatic and more personal. It is the awareness by the individual on a daily basis that is important. This is accomplished in many ways by the supervisor as he relates to the worker - by thanks for a good job, a word of praise sincerely given, daily courtesies showing interest in the individual as a person. 62

The other motivator factors are of longer duration in

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61. Smith, C.E., "The Implications of 'New View' for Motivating Officer Behavior," Air University Review, March-April, 1969.  
62. Ibid., p. 61.

effect and are normally provided for officers as part of the environment in organizations of brigade size or lower. The 'work itself' is demanding, and, with the increased responsibilities under MBO, a sense of 'growth' can be a part of each successful accomplishment. The 'responsibility' is normally significant at this level and all that one individual can handle. 'Advancement' in the military is well defined and, perhaps, as rapid as it can be under current restrictions. The commander should seek to incorporate these factors of job enrichment in each officer position and understand their importance in an MBO program.

Feedback under MBO is two-way and the commander must be sensitive to the need for continuing revision of plans and goals. As a cyclic process, MBO is dynamic and depends on increased communication from all sectors and responsive action. With a careful evaluation of the remarks of his subordinates, the commander can make planned adjustments in operations and resources that do not vibrate the organization to the point of inaction. Once basic goals are set, the adjustments are incremental and sequentially programmed to preclude major interruptions of work flow.

#### Problems and Criticisms of MBO

Implementation and use of the MBO technique has a number of drawbacks. Initially, there are extensive demands on management time to formulate organizational objectives, re-organize (if necessary) and develop individual manager goals. This particular phase may require several meetings (both group

and individual interviews) to be able to explicitly define goals that are measurable and directly related to the purpose of the command. Once the goals are determined, additional time is required to decipher success indicators. The planning process, to sequence accomplishment over a period, is a further drain on management time. All of these elements may have to be spread over a period of several months to develop a worthwhile program. Although these requirements are essential to the initial phase, the returns at a later date should more than justify the expense. Once the basic objectives have been constituted, the adjustments during review periods are incremental and the lost time is returned by pre-planned accomplishment and a reduced requirement to manage all facets of an organization. In the long run, the process should actually save management time and allow time for concentration on priority areas. The commander can direct his attention towards the major functions of the organization while the subordinates assume full responsibility for their own areas and objectives.

When the process begins to function, subordinate leaders may find themselves competing for limited resources to achieve basically the same goals. This may become most evident in the motor pool and supply areas. With all units attempting to meet higher goals, conflict could erupt in the resulting competition for repair parts or basic supplies related to unit readiness. In a sense, MBO invites competition and, to a certain degree, this may actually improve goal achievement. Without some controls this competition might become counter-productive. The commander and his staff should attempt to insure that the

established goals are within available resources. Even with this restriction, the continued emphasis on objectives will develop situations where conflict cannot be avoided. Under these circumstances, the commander and the staff will be required to develop the ability to manage conflict situations.

Often the attempt to focus on quantifiable goals may lead to a neglect of areas that are difficult to quantify. Goals that are important, yet subjective in nature, may be avoided. Coupled with these tendencies may be a perceived threat to job security or status as a result of failure to achieve stated objectives. The subsequent objectives list presented by a subordinate may contain only those goals that he is certain will not damage his status. For others, the act of submitting objectives may be perceived as a demonstration of initiative and the goals set may be far beyond the capability of the individual. Some may interpret the whole system as a form of manipulation by the commander and attempt to undermine the process from the beginning. Again, it is important to understand the necessity for the careful initiation of an MBO program. All of these factors can be handled over a period of time, but time and patient effort are required. As it was pointed out earlier in the KLM Royal Dutch Airline case, each implementing step should be planned with the gradual introduction to the organization department by department or level by level. Situations described above should be dealt with on a case by case basis. In some instances, the commander or supervisor may have to sit in many goal setting sessions with certain subordinates to be able to establish a meaningful program. The



original list may be changed many times before it actually becomes a well defined plan for improvement.

With the decentralization and delegation brought about by an MBO process, the commander assumes a greater degree of risk. The increased authority for action at lower levels may result in increased mistakes - at least until the subordinate learns to develop his sense of balance with the expanded responsibility. A unit commander with an objective of accomplishing a certain type field exercise in a period of time may attempt feats that are beyond normal safety precautions (example: a long night march cross-country with tanks or armored personnel carriers). The commander should be alert to such possibilities and may have to intervene.

Some have criticised the MBO process as a loss of control. Improperly introduced, the system of decentralization could be interpreted in this manner. The use of this process significantly increases goal directed activity at the lower levels and a lack of follow-up could be interpreted as an organization 'out of control.' With a well managed program, the major objectives or functions are highlighted and the commander spends his time managing these areas. With the continued use of review and follow-up the commander is well aware of the most critical activities and his control should naturally be enhanced. MBO is not a 'laissez-faire' method - it is a system that readily identifies those areas that should be in the commander's focus.

It is obvious from all this that the main problems with MBO lie not in the basic characteristics of the approach



itself but in the way it is used by individual organizations and managers within those organizations. Most of the reasons cited for a reduction in the effectiveness of an MBO program are management practices that would limit the effectiveness of any new program. It also seems to be true that programs involving planning, motivation, and appraisal do not fade away with the mere adoption of the MBO approach. How the program is implemented and carried out is critical. 63

#### Adaptation of MBO to the Army

MBO was officially adopted in 1973 as a government wide program to improve management of operations. One example in the Department of Defense (DOD) is a current project entitled "MBO 3 - Increase the Efficiency of the Defense Department."<sup>64</sup> This program is directed towards the reduction of paperwork throughout DOD. The Department of the Army (DA) has a number of on-going MBO programs, some of which were discussed in Chapter 2. Some of the literature emanating from DA encourages the application of MBO in Army units. In this sense, the process has been officially sanctioned as one method available to commanders.

One of the problems indicated by Dr. Fry in the Fort Bliss project was the rapid turnover of key personnel in the Army. With the recent policy changes to stabilize tours, the effects of this problem should be reduced. When a change does occur, the departee simply presents his list of objectives to the new arrival and discusses the status of each objective and any future

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63. Carroll, S.J. and Tosi, H.L.Jr., op. cit., p. 45.

64. Bailey, M.L., "MBO 3, Action 4: An Effort Toward Reporting Efficiency," Defense Management Journal, January, 1975, p. 50.

action he may feel appropriate. The new arrival then uses this list to establish his own objectives. In his initial session with his supervisor, the 'newcomer' presents his own revised list of goals to his supervisor and states reasons for changes that he has made. In this sense, MBO actually enhances continuity in a position change. New people are brought on board through continuing on-duty education in the techniques of MBO. The in-house MBO consultant incorporates the new arrival in initial and on-going training programs.

There are, perhaps, more similarities than differences in the type of work done by middle and lower managers in the Army and those at similar levels in other government agencies and industry. Both have reports to complete, projects that require phased completion and resources to employ. Both have continuing education programs that require similar abilities. The Army has long been in the business of establishing goals to improve the readiness posture of the land forces and its equipment maintenance and supply objectives require management functions similar to those of industry.

The differences exist more, perhaps, in the perception of individuals than in actual degree. The Army is commonly perceived as a completely structured, autocratic organization. The Army consists, however, of people with feelings, attitudes and values that are influenced by their environment. Recent changes in this environment have allowed significant improvement in the communications process (Human Relations Councils, Equal Opportunity Programs, etc.). The informal communication process has always existed and probably accounts for a

significant part of the daily accomplishments in this service. What should be understood is that there is (and will continue to be) an authority (vertically) oriented system. A more sincere acceptance of critical feedback is necessary to maximize the utility of this process. MBO can be used to improve this system with programmed or system-forced one to one review periods. Lateral communications is a continuing trouble spot in the Army. All too often the operations officer embarks on a project without passing on his intentions to the logistician. The results are easily imagined. Through a pre-planned group objective session such probabilities for error are minimized. All concerned are in on the projected schedule from the beginning.

In an attempt to determine the attitudes of some of the Army's possible future battalion commanders, the Varney MBO Readiness Questionnaire <sup>65</sup> was administered to fifty-four members of the Command and General Staff College (Regular Course) Class of 1975. Appendix E provides a full disclosure of the Questionnaire and results. These results appear to support the contention that current managers in the Army are not totally autocratic in their approach to management. Further analysis reveals a need for training in behavioral management techniques. It is interesting to note that such techniques are not taught as part of the Regular Course curricula. Only a small percentage of the class receives instruction in behavioral science

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65. Varney, G.H., Management By Objectives, 1971.

applications in one of the elective courses. Another finding indicates an apparent dichotomy between what higher level management says and actually does towards some of the applications of behavioral management techniques.

Failures in the use of MBO in the Army have been largely in the areas of program initiation and follow-up. It is essential that a commander desiring to implement the process carefully plan his program with these errors in mind. The entire project will depend upon his continued personal emphasis and focus on objectives that are perceived as directly related to the purpose of the command.

The experience of various and diverse organizations over roughly twenty years has singled out a number of reasons for the failure of some organizations to make their mark with MBO. The pitfalls include:

- Considering MBO a panacea
- Lacking participation by subordinates in setting objectives
- Delegating executive direction of the program
- Leaving out staff managers
- Creating a "paper mill" with forms and procedures
- Failing to provide feedback to the individual manager
- Emphasizing techniques over the system
- Implementing too quickly
- Failing to reward performance
- Having objectives which are not supported by adequate plans
- Being impatient for results
- Endeavoring to overquantify objectives
- Stressing objectives instead of the system
- Dramatizing short-term objectives
- Omitting periodic reviews of performance
- Omitting refresher training with respect to refinements and managers new to the system
- Failing to blend individual objectives into the whole

- Managing without the necessary "guts"
- Lacking ability or willingness to delegate. 66

## CHAPTER 4

### A PROPOSED SYSTEM

In this chapter a MBO system is presented for use in an Army battalion. The design is basically an adaptation of Odiorne's 'Cycle of Management by Objectives' to the eighteen month command period that appears to be prevalent at the time of this writing. The battalion organization is shown in Figure 4 and provides the conceptual vehicle for this design. While it is understood that battalion organizations differ considerably, the underlying concepts can be adapted to similar military organizations with minor adjustments. The time schedule is flexible and may vary significantly depending upon the degree of success achieved in establishing an initial program. It is emphasized that the initial stages should not be rushed. A hurried effort could result in wasted resources on inappropriate goals and might undermine feelings during a period of significant change in organizational procedures. The system is designed to initiate MBO from battalion through company and (possibly) platoon level - the latter depending upon the degree of success achieved during the time allowed. Only unit commanders and principle staff officers are involved during the steps described here. Full implementation through all levels should only be attempted after this initial cycle has taken hold as the standard practice.

There are basically nine steps that are shown in Figure 5 and will be discussed in sequence. The system design itself is

FIGURE 4  
Battalion Organization

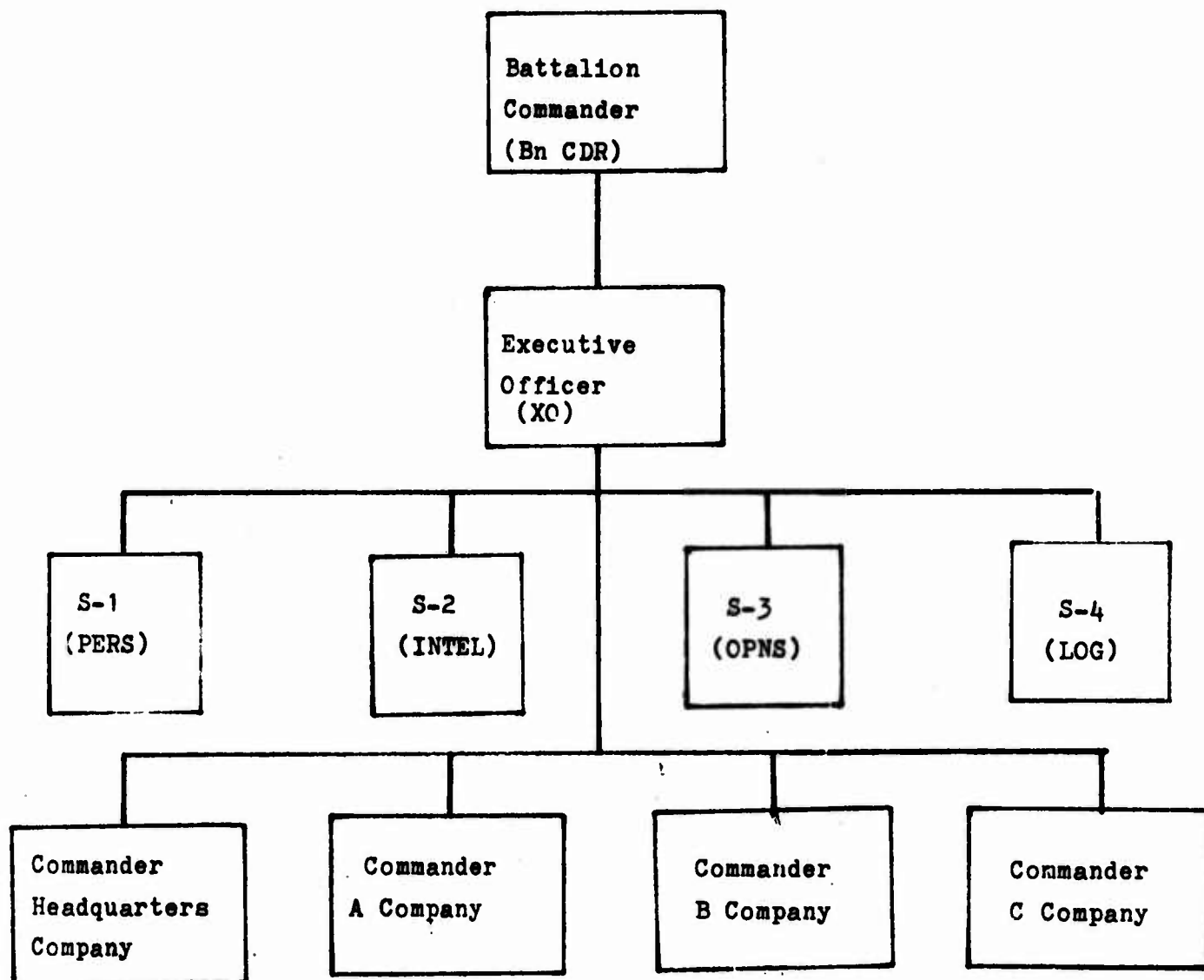
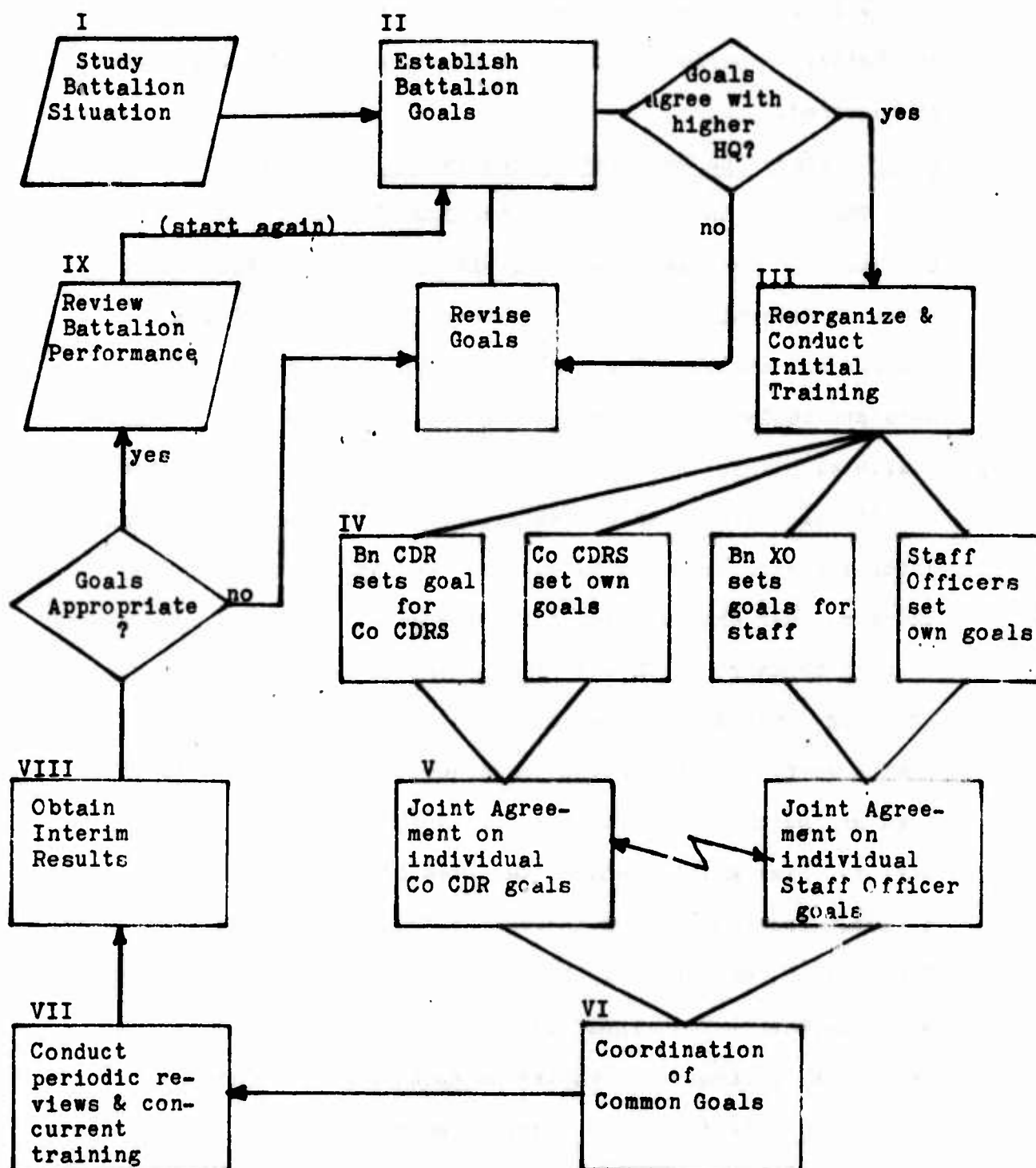




FIGURE 5  
Battalion MBO Cycle



flexible and can be altered to meet the requirements of a particular situation. For example, it may be necessary to revise battalion or individual goals at any step through the process. The overall concept, however, remains essentially the same. Once the battalion and individual goals have been established, the cycle becomes simply one of holding regular individual and battalion periodic reviews with adjustments in objectives as required.

#### STEP I: Study the Battalion Situation - 1st Month

This step is assumed to occur immediately after a change of command. The new commander, with the help of the staff, seeks to determine the basic purpose of the battalion and its current status. The stated mission is examined and data are collected to analyze current operations and resources available. This is essentially a research effort to define functional areas in which battalion goals can be determined. Initial visits are made to each of the subordinate units. The commander should attempt to determine the needs and status of each company. Each unit commander should be asked to begin thinking about his own set of goals for his unit for the coming year. The battalion commander takes this time to note down any particular problem areas that may require his own action. Similarities and differences are examined between units to determine reasons for success or failure in particular areas. For example, one unit may have an excellent dining facility while another needs significant work. Critical examination may reveal personnel shortages or management problems that may be attributable to action required by battalion staff.

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Other visits should be made with higher headquarters, similar battalions and, if the battalion is the support type, to supported commands. At higher headquarters the commander seeks to determine the status of his battalion at that level. He also attempts to determine the objectives of his higher commander (and his staff) and his own battalion's contribution to those objectives. At adjacent battalions the visit is used to seek out what objectives are established in similar areas and the means that are used to accomplish those goals. If the battalion is of the support type, visits are made to each of the supported commands to determine the status of the support provided. Notes are made as to areas that should be improved. Careful inquiry may reveal suggestions that could enhance the quality of support provided.

In this step the commander may select the in-house staff MBO consultant. This officer should be allotted time to prepare for the initial training program and be provided the assistance necessary in obtaining materials. The consultant should understand that it is his job to develop an extensive knowledge of the MBO process in order that he may serve as the focal point for advice and assistance as the program develops.

#### STEP II: Establish Battalion Goals - 2nd Month

Once the commander has assimilated his background information, the next step is to develop meaningful and (hopefully) measurable battalion goals. During this period a series of meetings is set up with the Executive Officer, staff and unit commanders (if necessary) to get input on

precisely what the battalion, as a whole, should be trying to accomplish over the next twelve months. Visitors from higher headquarters and supported units (as appropriate) may be asked to sit in on these meetings. This is a particularly critical phase and the outcome should be carefully studied to determine the key objectives and their respective indicators. Emphasis is placed upon actual accomplishments that should be completed during the time ahead. Broad goals are critically examined to determine the more specific operations to be completed that will lead to the status desired. An overall objective to have all units achieve an 'Excellent' or higher rating on the Annual General Inspection is not enough. Specific actions such as staff courtesy inspections during predetermined time frames must be sorted out.

Once a final list of battalion goals has been established, the commander, executive officer and respective staff members of such functional areas as personnel, logistics or training conduct analysis sessions to establish priorities and reallocate resources, as necessary. The team approach is used throughout program development to insure that all key officers recognize the necessity for coordinated action and understand that each individual is expected to become a primary contributor in this process. The commander selects the final list of objectives and their relative priorities. With this list he sets a review session with higher headquarters staff and, finally, with his superior. The list of battalion goals is matched with those of higher headquarters to determine their relevance.

New additions or deletions may be made by the higher command and priorities may be changed. The outcome should be a list that the battalion commander and his superior jointly agree upon. From this list the battalion-wide priority objectives should be published and distributed throughout the command and updated as changes are made after subsequent review periods. Careful attention should be paid to feedback from key members of the battalion in future tours through the area. Adjustments may be noted for the battalion cumulative periods.

STEP III: Reorganize and Conduct Initial Training - 3rd Month

Each battalion objective should be matched with the resources of the organization. An attempt to clarify exactly who is responsible for each objective (or which part of each objective) is necessary to identify those to be held accountable. In most instances the results will be cumulative and the current organization will readily identify responsible individuals with no changes required. In some cases, it may be necessary to separate who is responsible for a particular part of an objective. As an example, in some objectives the S-2 and S-3 may have overlapping areas. Insofar as possible, these areas should be separated to determine, at each stage, the individual required to accomplish each particular part. Under certain circumstances, it may be necessary to reorganize or adjust resources among subordinate elements. This type requirement may be more relevant to a support type battalion where units may require some reorganization to allow a single company responsibility for a set of customers or a certain

type of maintenance or supply function for all supported units. The end result should be a readily identifiable set of responsibilities attributable to each company or staff element as appropriate.

The initial training requirement should consist of a series of one or two hour classes once each week for approximately one month for the staff officers and unit commanders. The objective of this training would be to acquaint all with the process of MBO and the techniques of establishing meaningful objectives. Such training could be combined with actual individual goal setting in the last two periods. The staff officer designated as MBO consultant has the primary task of preparation of these classes. The literature available on the subject is extensive. Some of the items that are most appropriate for this type preparation are marked with an asterisk (\*) in the Bibliography and could be obtained through most post libraries. The initial training need not be extensive, if it is well presented. The most difficult part is the establishment of unit or staff objectives and indicators that signify accomplishment in a real sense. Additional management skills (participative management, counseling techniques, etc.) should be taught in a concurrent training program consisting of classes once each month beginning after the initial training has been completed.

#### STEP IV: Set Individual Goals - 3rd Month

Once the initial training has been completed, unit commanders and staff officers should have a feel for their



own objectives. This is not simply an individual effort. It should be brought out during training that the members of the unit commander's own 'staff' (platoon leaders, executive officer, etc.) should be consulted as to their ideas in much the same manner as the battalion commander established his goals. During the goal setting training, unit commanders should be encouraged to compare notes with battalion staff officers. The idea is to build a team approach - although the final list will be the unit commander or staff officer's own work. During this period the battalion commander and executive officer write down the objectives that they feel they want their respective subordinates to accomplish in the coming year. The objectives should be categorized into routine, problem solving, innovative and personal areas to assist in the review process. Figure 6 is a proposed form that could be used.

STEP V: Conduct Joint Agreement Sessions - 4th Month

Individual goal setting interviews are scheduled by the battalion commander and executive officer during the fourth month. (By this time the commander and executive officer should have agreed upon the latter's goals). The meetings are set up for one individual subordinate each for the commander and executive officer. The periods are conducted one to one in closed session as free as possible from interruptions. Such meetings may have to be held after normal duty hours to allow time for concentrated discussion. The superior should have the subordinate present his list and discuss his rationale for each goal. The superior's best approach is to first listen



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Type Objectives Routine

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carefully and ask the tough questions to cause the subordinate to develop his own evaluation of his goals. Each objective should be analyzed to determine its clarity, probability of achievement and relevance to the unit or battalion mission. Goals that are irrelevant are deleted, and adjustments are made, up or down, depending upon the resources and time available. The battalion commander or executive officer then adds goals that he feels should be included and establishes overall priorities. Achievement indicators are defined to provide a clear indication of success. A framework (similar to the 'level of aspiration') is established to determine the degree of success. (see Figure 6). The results of this effort should be a well defined list of goals that both the superior and subordinate agree upon. The list should be typed or printed with one copy for each participant. Finally, the commander or executive officer should set a firm date for a review period two to three months away.

#### STEP VI: Coordinate Common Goals - Beginning of 5th Month

At the end of the joint goal setting period, a final coordination meeting is held to discuss common goals. The individual problem areas relative to only one unit or staff element should not be discussed. This is a team building effort to determine where staff or coordinated assistance is needed to achieve common objectives. Conflicting interests are settled and resources re-allocated if necessary. Plans are made to best sequence goal accomplishment. For example, if the battalion has the use of a firing range or particular training

area for a limited period of time, the breakout to units is made at this meeting. The battalion commander restates his basic goals and their relative priorities. The outcome of these meetings should be a well coordinated plan of attack for the future year. A date is set for a battalion overall performance review and objectives meeting from four to six months in the future.

STEP VII: Conduct Periodic Reviews and Concurrent Training-6th Month  
(and every 2-3 months thereafter)

The periodic review periods are held in much the same manner as the one to one joint goal setting sessions. Review meetings are scheduled and held once every quarter, as a minimum. The purpose of these meetings is to determine the continued relevance and status of each objective. Goals may be adjusted to meet changes in the overall program. Additions or deletions are made, as appropriate, and priorities are updated in accordance with the current situation. The commander or executive officer should attempt to determine the status of the subordinate's program and any additional assistance or resources that may be needed. Feedback may reveal a need for change in the overall battalion program.

Success should be recognized and failures should be closely examined. Some goals may not be within the capability of the individual - given current resources. It is important to emphasize the use of proven counseling techniques. Goal success should receive sincere positive re-enforcement and the superior must refrain from hard criticism of failures. If the subordinate

perceives a threatening situation, then he may lower his goals to the point of no significant accomplishment, attempt to achieve success through devious means or report a situation that does not exist. To build a supportive climate, the supervisor must continually insist on honest assessment and insure that he does not destroy this atmosphere through communicated threats. The superior should ask the question: 'What can I do to help?' Outside assistance for trained personnel or additional equipment may be required. This session should end with an adjusted set of goals and new plans for the next quarter.

Concurrent training should consist of a minimum of one two hour session each month. Participants should include the battalion commander, executive officer, staff and unit commanders. The subjects taught during these periods should include:

- Motivation
- Job Enrichment
- Participative Management
- Small Group Problem Solving
- Goal Setting and Adjustment
- Counseling Techniques
- Organizational Development

There are excellent short films available in the Army film libraries that can provide background for discussion. These training sessions could be integrated with regular monthly officer calls and should provide an excellent climate for improved communication.

As new arrivals enter in these key officer positions, the departee simply passes on his list of objectives. The newcomer is introduced to the MBO process in a series of one or two hour training sessions with the battalion's MBO consultant. With the old list of goals, the individual simply examines his new job and makes such adjustments as he deems necessary in preparation for his first objectives counseling session with his new boss. Through this process, the continuity of battalion goal directed activity is actually enhanced. The newcomer is fully integrated into the use of the MBO technique via the on-going training program.

STEP VIII: Obtain Interim Results - Continues Monthly

After the first review period the battalion commander and executive officer make monthly analyses of cumulative goals status for the battalion. Based upon the results received, inputs from higher headquarters or other situational changes it may be necessary to revise goals and priorities. For a major change in the program it may be necessary to go back to STEP VI and conduct a coordination program to revise plans. This step is designed to keep the commander up to date and allow him to maintain direction. Status input can be derived from normal monthly reports, visits to units or staff input. It is critically important that those contributing to improved results be given appropriate recognition at the time the determination is made (if possible).

STEP XI: Review Battalion Performance - End of 6th Month  
(and every 6th month thereafter)

This final step closes the loop and consists of a battalion

cumulative objectives review. Commander, staff and unit commanders should be present for this review and new planning. Recognition should be given for outstanding accomplishment toward the battalion's common goals. Unit plaques or trophies can add to the incentive, but the emphasis should continue on future direction and performance. New or unique ideas that have brought success to a particular unit or staff element should be presented. The final result should be an adjusted list of priorities and goals.

In essence, this is one method of implementing MBO in a battalion type organization. One should recall that the entire approach demands flexibility and a willingness to encourage feedback. Adjustments can and should be made throughout the process to meet the needs of a particular command and its environment. Success depends a great deal upon four factors:

- The sincere determination of command wide goals that contribute in a meaningful sense to the improved readiness of the battalion.

- Open communication of these goals to the people who can do something about them and a readiness to accept honest feedback and suggested improvement.

- The willingness to delegate both authority and responsibility throughout the command with the acceptance of the inherent increase in associated risk.

- A continuous, bona fide attention to on-the-spot recognition of achievement with appropriate rewards that are perceived as meaningful by the individual and his peers.



## CHAPTER 5

### CONCLUSIONS

#### MBO Has Been Successfully Adapted in Many Areas

From the research it is evident that the process of MBO as a management practice has been successfully applied in many areas - including the armed services. With all of the inherent problems in restructuring an organization, setting quantifiable goals (where possible) and conducting time consuming training and review periods, all of the cases examined claimed overall program success. MBO as one method of management, then, appears to have a universal application. The differences in its use appear to be in the adjustments of the process to differing situations. Many of the techniques encompassed by MBO are simply those of long established good management. Other methods have been adapted from successful applications of the behavioral sciences. The MBO approach combines research in human behavior with proven experience in business and industry to apply the best of both in an overall system of maximizing organizational accomplishment.

The interview and questionnaire studies examined, all tend to support improved organizational goal identification, planning and communication as major achievements resulting from MBO programs. These findings were, again, attributable to organizations performing considerably different functions. From the bureaucratic to the more flexible business organization, the process assisted in perceived significant change for the



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better in these areas. As one method of enhancing these key areas of management, the investment in MBO can provide a worthwhile return.

People Centered Management is Key

From the analysis of the phases of the MBO process, it is important to understand the depth of this approach. The concentrated effort should not become 'another system' with lock-step rules and mounds of paperwork. The restrictions on management time are severe enough without such additions. MBO should be so designed as to allow maximum use of individual initiative. Decentralization and delegation are important axioms of MBO, and must, in fact, be practiced for program success. All too often management may espouse a seemingly good technique, yet practice something entirely different. Such dichotomy creates organizational stress that is difficult to overcome. With decentralization comes added risk of subordinate mistakes - especially in the initial stages. Management must be aware of these possibilities, make allowances for control and not over react to honest error.

An understanding of human motivation is essential. The basic elements of precisely what determines the values, attitudes and beliefs of the people in the organization should be understood, insofar as possible. The MBO approach adopted should be tailored to meet the needs of the organization and its people. Professor Herzberg's 'motivators' and 'satisfiers' should be taught and understood by managers throughout the organization.

### MBO Can Be Tailored For An Army Battalion

MBO has been used with claimed, varying degrees of success in Army organizations. The Department of the Army has, in effect, sanctioned its use as one management technique. With the use of the literature available, a battalion commander can tailor an MBO program for use in many types of peacetime environments. The process does require a significant amount of 'set up' time and its drawbacks should be understood. MBO should not be expected to solve all of a commander's problems. With careful implementation, however, its use can significantly improve goal direction, planning and communication throughout the battalion. The persistent effort to fully develop a system should result in a concentrated effort by all subordinates towards meaningful goals. The approach presented in this research is one of many variations that could be applied.

### Recommendations

If MBO is to be the official approach in Department of the Army, then the technique should be implemented from the top down. A careful, systematic implementation could bring significant improvement in accomplishment throughout this service. With all the many elements operating off essentially the 'same sheet of music,' the mutual planning and improved communications could lead to the highest readiness status possible under peacetime conditions. Care must be taken to insure that the program killing jargon and 'crash' implementation approach are not used. Such efforts in the past have destroyed many good concepts at the outset.

MBO requires a level of training for its best use.

Currently, this training is not presented in all Army career schools. Training in the MBO process should be presented to all students at branch and career (through War College) schools - as one management technique that may be adopted if a commander so desires. A basic publication or pamphlet should be developed and published as a program guide for MBO use at the battalion and company levels. One school should be selected to develop a MBO correspondence course that could provide an extensive background for in-house consultants at battalion level. Mobile training teams could be established at the same school to provide the initial training and consultant service for battalions on an 'on-call' basis.

In referring to the Introduction to this thesis, one should remember that there are a number of roadblocks to the realization of the full value of the MBO process. Until the disproportionate administrative requirements have been drastically reduced, the battalion and unit commander will continue to spend an inordinate amount of time in meaningless work. Only through a sensible decision from the top to eliminate the generation of unnecessary paperwork will commanders be allowed to concentrate on goals directly related to the organization's ability to enter or support combat. The decentralization required in this technique will be difficult for a lot of people conditioned by centralized management. Perhaps the only method of reversing this outdated doctrine will come after a long period of continuing education throughout

the Army school system. The 'crisis' type management and attempts by higher headquarters to measure unit readiness via devious means (CMMI's, road-side-spot-checks and the like) that bring about some of the 'crisis' can only undermine any attempts towards development of an open, supportive working environment dedicated to real improvement. These decisions are tough to make and require major changes by higher leaders in the Army in the ways they conduct their business. In essence, it requires a trust in people at all levels - a trust in their abilities and dedication to this nation's defense. The approach presented here is one method supporting that trust and allowing people in the Army the freedom to maximize their contribution.

We are, at root, an Army of people not of machines nor policies nor structures. We cannot substitute organizational efficiency for human concern; they are mutually supportive, not interchangeable. Organizational efficiency and effectiveness are necessary for the Army, but human concerns are vital. 67

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67. Abrams, C.W., GEN, USA, "Emphasis Is On Readiness," Army, October, 1974, p. 9.

## APPENDIX A

Comparison of Herzberg's 'Motivator' and 'Hygiene' Factors

This figure represents the overall results of Herzberg's study of work motivation of over 200 engineers and accountants in the metals industry. The research took place in Pittsburgh around 1958-59. The study consisted essentially of semi-structured interviews in which a list of the same questions was asked of each person interviewed. The 'High' factors relate to positive responses towards the work situation and the 'Low' factors correspond with negative statements. For example, 'Recognition' received both positive and negative statements; however, in this case the positive statements occurred much more frequently. The width of the bars represents a ratio of the length of time (long to short) the responses affected the interviewees. The dashed line separates what Herzberg termed the 'motivators' or job satisfiers and 'hygiene factors' or dissatisfiers. It is significant to understand that both categories are important to the individual; however, a change for the better in company policy will not necessarily serve to motivate an individual to do a better job. The 'motivators' provide an area for management concentration to improve performance. 'Achievement' and 'Recognition' are both strong motivators, but are of short duration and must receive continuing attention. 'Work Itself', 'Responsibility' and 'Advancement' are of considerably longer duration and should be understood as critical to long term job motivation. These areas should be carefully examined in design of a position or placement of a particular individual.

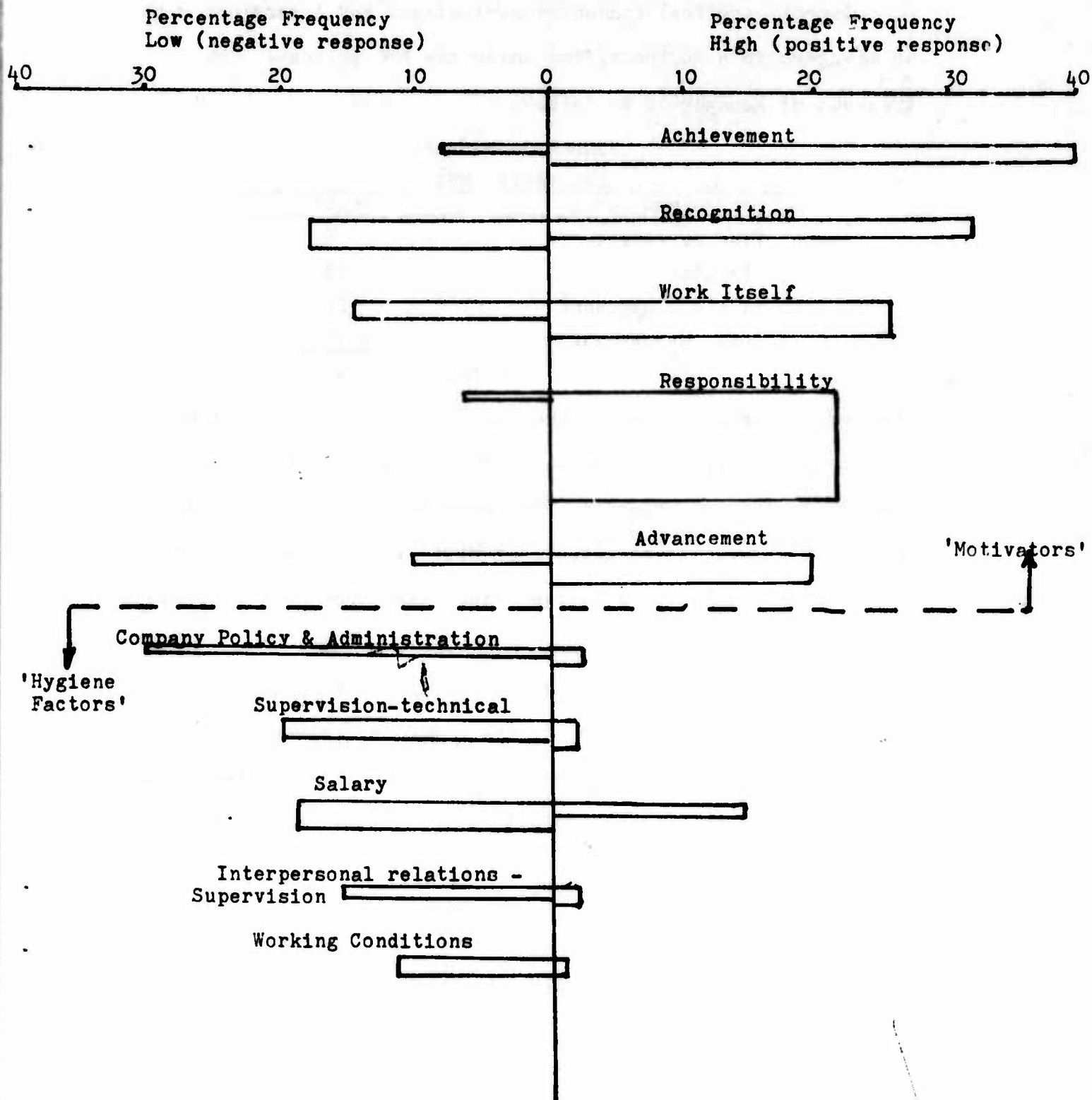
The Air Force Officer study, mentioned in Chapter 3, coincides with Herzberg's findings with the exceptions of 'Achievement,' 'Responsibility' and 'Company Policy and Administration' that have considerably stronger effects.

Figure 1 shows the results of this basic hypothesis, the distinction between satisfiers and dissatisfiers, as it turned out from the results of our study. As indicated in the legend of this figure, the distance from the neutral area shows the percentage frequency with which each factor occurred in the high job-attitude sequences and in the low job-attitude sequences. The width of the boxes represents the ratio of long-range to short-range attitude effects; the wider the box, the more frequently this factor led to a long-range job attitude change. The factors of recognition and achievement indicate that the width of their boxes portrays a reversal in the long-range ratio. The attitude effects of both of these factors were substantially more short-range. 68

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68. Herzberg, op. cit., pp. 80-81.

## Herzberg's Comparison of Satisfiers and Dissatisfiers





## APPENDIX B

Carroll and Tosi Interview Study

Carroll and Tosi conducted semi-structured interviews with 48 managers in a business firm using the MBO process. The breakout of manager is as follows:

NUMBER OF MANAGERS AND THEIR LEVELS	
Management Level	Number
Vice President	6
Director	12
Middle Management	20
Lower Management	+ 10
Total	48

The interviewees were asked the same set of questions and the answers were accumulated by category according to the frequency of similar responses. For example, a question of 'What do you think are the advantages of MBO?' would have 24 out of 48 respondents answering to the effect that they know what is expected of them.

It is interesting to note some of the more frequent responses. For example, one of the suggested improvements had 50% stating that management should 'ensure review and feedback.' These areas could provide clues to a successful MBO program.

## APPENDIX B cont'd.

Results of Carroll and Tosi Interview StudyPHILOSOPHY AND RATIONALE OF THE OBJECTIVES APPROACH

<u>Rationale</u>	<u>n*</u>	<u>%</u>
1. Link evaluation to performance	17	35.4
2. Aid manager in planning	12	25.0
3. Motivate managers	11	22.0
4. Increase boss-subordinate interaction and feedback	11	22.0
5. Develop management potential	8	16.6
6. Link company objectives to department objectives	8	16.6
7. Managers know what their job is	6	12.5
8. Give management information about what's going on at lower levels	4	8.3
9. Management club to pressure performance	3	6.25
10. No mention	7	14.5

\* n=48 managers

ADVANTAGES OF MBO

<u>Advantage</u>	<u>n*</u>	<u>%</u>
1. I know what is expected of me	28	58.6
2. Forces planning and setting target dates	20	41.6
3. Forces boss-subordinate feedback and communication	15	31.2
4. Increases awareness of company goals	9	18.7
5. Documents goals relating evaluation to performance	8	16.6
6. Focuses on self-improvement	7	14.5
7. I know where I stand	6	12.5
8. Coordinates activity toward company objectives	6	12.5
9. Subtle pressure and motivation to perform better	5	10.4
10. Improves performance of used	4	8.3
11. Only general help	3	6.2
12. No advantages mentioned	5	10.4

\* n=48 managers

## APPENDIX B cont'd.

## PROBLEMS AND DISADVANTAGES ASSOCIATED WITH MBO

Problem	n*	%
1. Excessive formal requirements	21	43.7
2. Not used to full potential	10	20.8
3. Need to consider different goals for different jobs and levels	7	14.5
4. Never get good feedback	7	14.5
5. I was never really involved with the program	7	14.5
6. It is undesirable to commit oneself to goals formally	5	10.5
7. Lack of information about personal characteristics	2	4.2
8. Nor real problems	18	37.5

\*n=48 managers

## SUGGESTION FOR IMPROVING THE OBJECTIVES PROGRAM

Suggestions	n*	%
1. Ensure review and feedback	24	50.0
2. Develop a way to update goals so that change can be noted	20	41.6
3. Use by top management so that <u>their</u> goals are known at lower levels	19	39.5
4. Include 'personal' evaluations in addition to goals	16	33.3
5. Top-management support for the program	15	31.2
6. Increase the understanding of the program and how to set goals	12	24.9
7. Include 'normal job requirements'	10	20.8
8. Due dates of program are incompatible with unit planning and control cycles	7	14.5
9. Ensure 'real' participation and involvement in goal setting	5	10.4
10. Others	11	22.9

\*n=48 managers

## APPENDIX C

The White Questionnaire Study

White conducted an analysis of 114 returns of a 41 item questionnaire submitted to managers of a state health-care facility. The 'coefficient of correlation' describes the relationship of the dependent variable (manager's attitude toward the MBO program) and the independent variable (item listed). Overall, 68.9% of the respondents had favorable or very favorable attitudes towards the MBO system while only 4% viewed the program as unfavorable. Again, it is interesting to study the results and note the strength of such items as 'Positive effect on communication' and 'Satisfaction with feeling in on decisions.'

## APPENDIX C cont'd.

Results of White Study

<u>Independent Variables</u>	<u>Coefficient of Correlation (r)</u>	<u>Level of Significance</u>
Greater exposure to MBO	.37	.01
Frequency of goal-setting meetings	.23	.02
Frequency of progress-review meetings	.35	.01
Increase in contact with Superior in MBO	.28	.01
Satisfaction with changes in number of formal contacts with superior	.27	.01
Suggestions encouraged in goal-setting meetings	.26	.01
Relative number of suggested goals accepted by superior	.21	.05
Increased control over own activities	.42	.01
Clarification of own responsibilities	.31	.01
Increased responsibility as a result of MBO	.20	.05
Satisfaction with change in amount of responsibility	.39	.01
Feeling in on decisions as a result of MBO	.40	.01
Satisfaction with feeling in on decisions	.52	.01
Increased influence on superior as a result of MBO	.31	.01
Increased influence in the department	.33	.01
Satisfaction with the amount of information received about department operations	.25	.01
Satisfaction with the amount of information received about state home operations	.24	.02

## APPENDIX C cont'd.

Independent Variables	Coefficient or Correlation(r)	Level of Significance
Positive effect on communication	.46	.01
Decreased quantity of workload	.17	.10
Perceived attitudes of superior towards MBO	.65	.01

## APPENDIX D

Shetty and Carlisle Questionnaire Study

Shetty and Carlisle conducted an analysis of 109 responses to questionnaires submitted to faculty members of a public university using a MBO program. The system had been in effect for one year at the time the questionnaire was administered. The results in this figure are straight-forward and indicate significant improvement in 'Understanding department goals and priorities.' It should be noted that a large group perceived no significant change. Shetty and Carlisle attribute a sizeable part of this group to the more senior faculty members under tenure.



# APPENDIX D

## Results of Shetty and Carlisle Study FACULTY REACTIONS TO MBO PROGRAM (N=109)

Criteria hypothesized to represent the success of the Goal Setting Program	Degree of Perceived Change				
	Significant Improvement	Slight Improvement	No Change	Slight Decrease	Significant Decrease
	%	%	%	%	%
Understanding of department goals and priorities	15.6	31.1	48.6	2.8	1.9
Help in career planning and developing professional objectives	8.5	34.9	50.9	5.7	0.0
Understanding of department expectations	8.6	30.5	57.1	3.8	0.0
Accuracy with which performance was measured	7.0	30.0	58.0	5.0	0.0
Performance (productivity)	8.4	25.5	60.4	3.8	1.9
Support received from the department	6.7	24.0	63.5	4.8	1.0
Commitment to the university	5.6	21.5	65.4	5.6	1.9
Communication with the department head	4.9	14.6	75.6	4.9	0.0
Relationship with the department head	6.6	12.3	77.3	1.9	1.9
Relationship with the dean	5.7	12.3	69.8	4.7	7.5

## APPENDIX E

Varney MBO Readiness Questionnaire

This appendix provides an example of the MBO Readiness Questionnaire that is used to determine an indication of the needs of an organization that is considering a decision to implement the system. The results of the questionnaire returns from 40 students in the G&GSC class of 1975 are presented with some possible indicators that may be useful towards supporting the initiation of a course of study in this process.

## MBO READINESS QUESTIONNAIRE

Rank \_\_\_\_\_ Age \_\_\_\_\_

Last Position \_\_\_\_\_

Each of the following items describes some aspect of your relationship with your subordinates and coworkers. Read each item and then circle the response (1,2,3,4,5) which most nearly reflects the extent of your agreement or disagreement. Try to respond according to the way you would actually handle the situation on the job.

THE BEST WAY TO GET GOOD PERFORMANCE FROM SUBORDINATES IS TO...	Agree Com- pletely (1)	Mostly Agree (2)	Par- tially Agree (3)	Mostly dis- agree (4)	Disagree Com- pletely (5)
1. Allow them extensive freedom to plan and organize their work.	1	2	3	4	5
2. Allow subordinates to set up special meetings and other ways to work out their differences and conflicts.	1	2	3	4	5
3. Not give them information unrelated to their immediate work.	1	2	3	4	5
4. Spell out exactly what their jobs are and what is expected of them.	1	2	3	4	5
5. Always insist that they solve their own work problems but be available as a consulting resource to them.	1	2	3	4	5
6. Maintain tight controls on all work to be sure things don't get out of hand.	1	2	3	4	5
7. Provide time, money and other resources so each person can develop his particular strengths and capabilities to the fullest.	1	2	3	4	5

Question					
	Agree Com- pletely (1)	Mostly Agree (2)	Par- tially agree (3)	Mostly dis- agree (4)	104 Disagree com- pletely (5)
8. Set up systems where information on performance results goes directly to the subordinate instead of the boss.	1	2	3	4	5
9. Discourage subordinate from getting involved in the 'why' of doing their job.	1	2	3	4	5
10. Bring subordinates together in joint meetings to make decisions and solve mutual problems.	1	2	3	4	5
11. Give them full information on their jobs, the department and the organization as a whole.	1	2	3	4	5
12. Tell subordinates where they are going wrong and convince them of the merits of changing their attitudes and approaches.		2	3	4	5
13. Solve problems for subordinates as quickly as possible so they can get back to work.	1	2	3	4	5
14. Allow subordinates to take responsibility for controlling and managing their own work.	1	2	3	4	5
15. Encourage subordinates to redesign their jobs around their capabilities.	1	2	3	4	5
16. Leave subordinates alone and count on them to get their jobs done.	1	2	3	4	5
17. Clamp down on conflict and friction between subordinates	1	2	3	4	5
18. Train subordinates to do their work according to standard procedures.	1	2	3	4	5
19. Insist that subordinates stick to their jobs and leave decisions and planning to you	1	2	3	4	5
20. Discourage subordinates from introducing new ways of doing their work without first checking with you.	1	2	3	4	5

## INSTRUCTIONS FOR SCORING THE MBO READINESS QUESTIONNAIRE

1. Circle the following numbers: 1, 10, 11, 15 and 16.
2. X through the following numbers: 2, 5, 7, 8 and 14.
3. Underline the following numbers: 3, 4, 9, 19 and 20.  
Place a number '1' beside the circled and X'd questions where the response was either 1 or 2 (agree completely or mostly agree).
4. Place a number '1' beside the underlined and unmarked questions where the response was 4 or 5 (mostly disagree or disagree completely).
5. Add up the '1' for circled and X'd questions and mark the position on the MBO Readiness Profile under the S/J heading.
6. Add up the '1' for the underlined and unmarked questions and mark the position on the MBO Readiness Profile under the S/S heading.

## HOW TO READ THE MBO READINESS PROFILE

If the score is close to the MBO range on the S/J scale, this is indicative of the way in which the individual perceives his subordinates working under such a system. If the score is low, then further work is needed to make the organization ready for MBO.

If the score is high on the S/S, this is indicative of the way in which the person actually manages and would manage. Again if the score is low, additional indoctrination will be necessary before attempting to introduce MBO.

For best results the two scales, S/J and S/S, should correlate. If they do not, for example, if the S/S scale is lower than the S/J scale, then one should take a look at the various things that the management is actually doing with people which may be contradictory to what management tells them it would like them to do. On the other hand, if the S/S scale is higher than the S/J scale, the situation is probably that management is doing things that allow an individual to function with freedom, as would be required under MBO, however, management has not in fact helped the subordinate to do independent work. 69

## MBO READINESS PROFILE

S/J - Subordinate Job		S/S - Supervisor Job	
How the person sees subordinates managing their jobs		How the person sees himself managing his own job.	
MBO Range	9		9
	8		8
	7	-----	7
Transitional Range	6		6
	5		5
	4		4
	3	-----	3
Non-MBO Range	2		2
	1		1

## Results from one section of the C&amp;GSC class of 1975

Findings

Of the 51 questionnaires distributed, 47 were returned.

45 of the questionnaires were useable. (One had not completed all responses and another had arbitrarily zig-zagged responses).

The computed scores from the 45 respondents were as follows:

<u>Computed Scores:</u>		<u>Difference</u>	<u>Computed Scores:</u>		<u>Difference</u>
<u>S/J</u>	<u>S/S</u>		<u>S/J</u>	<u>S/S</u>	
5	6	1	7	4	3
5	6	1	9	6	3
7	5	2	5	2	3
5	5	0	5	7	2
3	7	4	7	5	2
5	6	1	6	4	2
0	0	0	7	2	5
5	5	0	8	5	3
4	4	0	6	5	1
6	4	2	9	5	4
7	4	3	7	5	2
8	5	3	6	6	0
4	4	0	6	3	3
8	4	4	2	4	2
1	3	2	9	6	3
6	4	2	8	4	4
6	6	0	5	5	0
9	6	3	4	4	0
9	2	7	7	2	5
6	6	0	7	6	1
5	3	2	2	3	1
3	4	1	8	4	4
6	5	1			





<u>Category (S/J, S/S)</u>	<u>Number Responses</u>	<u>Percentage</u>
3, 3 through 7, 7	36	80.0%
0, 0 through 3, 3	3	6.6%
4, 4 through 6, 6	17	37.7%
7, 7 through 9, 9	0	0.0%
Other (overlapping)	25	55.5%
Difference of 3 points or greater S/J over S/S	16	35.5%
5, 5 or greater	22	48.8%
Either number = 3 or less	12	26.6%
S/J = 5 or greater	36	80.0%
S/S = 5 or greater	23	51.1%

### Analysis

Thirty-six of the responses (80.0%) fell within the range of 3, 3 to 7, 7 indicating that most were in the 'transitional' area. It is significant to note, however, that twelve (26.6%) had one score in the 3 or below category. This would indicate that there are a significant number who might need additional training before the MBO system could be brought to full effect. A large number (16 or 35.5%) have S/J scores exceeding the S/S by greater than three points. According to Varney, this indicates significant inconsistencies between what the organizational management says and actually does - perhaps indicating a need for review at higher levels. 48.8% (22) respondees had scores of 5, 5 or better which reveals a large percentage best mentally prepared to implement MBO.

Conclusions

Most of the respondents fell within the 'transitional' area with a large percentage best prepared for the MBO process. The difference between the S/J and S/S scale scores in a large percentage of the responses indicates a possible need for higher level Army management review to determine inconsistencies between stated policy and actual technique. The large number of responses with one score in the lower range indicates a need for training in behavioral management applications. There were a few attitudes that could, perhaps, be influenced by group training in the more successful techniques of applied human behavioral theory to Army management situations.

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